

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
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January 20, 2012

**Advice Letter 3874**

Rasha Prince, Director  
Regulatory Affairs  
Southern California Gas  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: 2008 Affiliate Transactions Compliance Plan**

Dear Ms. Prince:

Advice Letter 3874 is effective June 30, 2008.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



Ken Deremer  
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June 30, 2008

Advice No. 3874  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: 2008 Affiliate Transactions Compliance Plan**

**Purpose**

Southern California Gas Company (SoCalGas) hereby submits its 2008 Affiliate Transactions Compliance Plan (Compliance Plan) in accordance with Ordering Paragraph (OP) 2 of the California Public Utilities Commission's (Commission) Decision (D.) 97-12-088, as modified by D.06-12-029. The attached Compliance Plan, Attachment B, presents the most current information for SoCalGas regarding its affiliate transaction compliance efforts.

**Discussion**

The Commission's affiliate transaction rules (Rules) adopted by D.97-12-088, as modified by D.06-12-029, govern the relationship between California's major energy utilities and their holding companies and non-regulated affiliates. For purposes of a gas utility, such as SoCalGas, the Commission's Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas, or the provision of services that relate to the use of gas, except where also explicitly provided as applicable to the holding company and/or "non-covered affiliates."

Section VI.A of Appendix A of D.97-12-088, as modified by D.06-12-029, requires SoCalGas to file a Compliance Plan by advice letter no later than June 30, 2008. Consequently, attached is SoCalGas' 2008 Compliance Plan. The significant changes to the Compliance Plan and the appendices thereto are described below.

**Compliance Plan**

The Compliance Plan was modified to reflect compliance with D.06-12-029 and includes the following changes:

- 1) Update to Introduction section clarifying Affiliate Compliance Department responsibilities, staffing levels and timing for the training of newly hired employees.
- 2) Removed superfluous restatement of the Rule in Section II.E regarding Sempra Broadband.
- 3) Update to Section III.B which relates to changes that occurred as a result of Commission D.07-12-019. This decision approved the purchases of natural gas supplies for San Diego Gas & Electric's core customers to be consolidated into a single natural gas supply portfolio that is administered by SoCalGas.
- 4) Clarified Rule IV.A procedures applying to customer specific information.
- 5) Updated Rule IV.F contact based on staffing changes for the Affiliate Compliance Department.
- 6) Updates to Rule V.E for shared service department listings.
- 7) Updates to Rule V.F procedures where the energy service provider disclaimer and standard disclaimer language was modified to use only the standard disclaimer language for all those affiliates covered by the Rules.
- 8) Update to Rule V.E as applicable to the change in the holding company's position for Corporate Secretary & Assistant General Counsel.
- 9) Update to the procedures for Rule V.G as applicable to organizational updates and who will approve what constitutes a "marketing employee" within the Customer Services area.
- 10) Clarified the procedures followed for Rule VI.B and the notification to the Commission for new affiliates.
- 11) Clarified the procedure followed by SoCalGas for Rule VII.D in the auditing of non-tariffed products and services.
- 12) Clarified the procedures used to supply the Commission with the report on the utility's necessary capital, defined as part of Rule IX.A.

Appendices were modified to reflect the following changes:

- Appendix 2 – Shared Services Descriptions - Reflects an updated listing of Corporate Center and Utility allowed shared services.
- Appendix 3 – Corporate Oversight & Governance Meetings - Reflects personnel changes.
- Appendix 4 – Provides a current list as of June 1, 2008 of all covered and non-covered affiliates, their purpose/activities, and whether SoCalGas claims that Rule II.B makes the Rules applicable, as required by Rule VI.A.

SoCalGas believes that all of the compliance actions set forth in the attached 2008 Compliance Plan are consistent with the Commission's Rules. SoCalGas is committed to upholding both the letter and spirit of the Rules, and respectfully requests that the Commission approve its 2008 Compliance Plan.

This filing will not result in an increase or decrease in any rate or charge, conflict with any schedules or rules, or cause the withdrawal of service.

**Protest**

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received

within 20 days of the date of this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)) and Honesto Gatchalian ([jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)) of the Energy Division. A copy of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No. (213) 244-4957  
E-Mail: [snewsom@semprautilities.com](mailto:snewsom@semprautilities.com)

### **Effective Date**

Pursuant to Rule VI.A of Appendix A of D.97-12-088, as modified by D.06-12-029, this Advice Letter shall be in effect between July 1, 2008 and a Commission staff approval of this Tier 1 Advice Letter. Therefore, SoCalGas requests that its 2008 Compliance Plan become effective July 1, 2008.

### **Notice**

A copy of this advice letter is being sent to the parties listed in Attachment A. Copies of the Compliance Plan have been provided to the Commission Staff. Other parties may request a copy of the Compliance Plan by contacting (213) 244-3387.

---

KEN DEREMER  
Director  
Tariffs and Regulatory Accounts

Attachments

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904-G)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: snewsom@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3874

Subject of AL: 2008 Affiliate Transactions Compliance Plan

Keywords (choose from CPUC listing): Affiliates; Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D97-12-088

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 7/1/08

No. of tariff sheets: 0

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: None

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.**

**San Francisco, CA 94102**

**mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Southern California Gas Company**

**Attention: Sid Newsom**

**555 West Fifth Street, GT14D6**

**Los Angeles, CA 90013-1011**

**snewsom@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 3874**

**(See Attached Service List)**

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**ATTACHMENT B**

**Advice No. 3874**

**2008 Affiliate Transactions Compliance Plan**

**SOUTHERN CALIFORNIA GAS COMPANY'S ("SOCALGAS")  
2008 AFFILIATE TRANSACTIONS COMPLIANCE PLAN  
IMPLEMENTING D.97-12-088 AS MODIFIED BY D.06-12-029**

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1. SoCalGas and Sempra Energy Officer Verifications
2. Shared Services Descriptions
3. Corporate Oversight and Governance Meetings
4. Listing of Covered and Non-Covered Affiliates

**SOUTHERN CALIFORNIA GAS COMPANY’S (“SOCALGAS”)  
2008 AFFILIATE TRANSACTIONS COMPLIANCE PLAN  
IMPLEMENTING D.97-12-088 AS MODIFIED BY D.06-12-029**

**INTRODUCTION**

In accordance with Rule VI.A of the California Public Utilities Commission’s (“CPUC”) Affiliate Transaction Rules (“Rules”) adopted in D.97-12-088, as amended by subsequent CPUC decisions and orders,<sup>1</sup> and in conformance with Resolution G-3238, Southern California Gas Company (“SoCalGas”) hereby submits a Compliance Plan apprising the CPUC of the current status of its compliance efforts and programs. This 2008 Compliance Plan (“Plan”) is effective as of July 1, 2008 and supersedes SoCalGas’ previous June 27, 2007 filing (Advice Letter No. 3755 / U 904 G).

Filing this Plan and implementing the procedures and mechanisms delineated herein is not meant to constitute a waiver of any legal rights that SoCalGas might have to file for rehearing or judicial review of any CPUC decision promulgating, interpreting, or applying the Rules. While the Rules are at times ambiguous and susceptible to multiple interpretations, this Plan brings SoCalGas into compliance with reasonable interpretations wherever such vagueness or ambiguity prevails.

The Introduction to this Plan summarizes the compliance mechanisms and guidelines central to SoCalGas’ affiliate compliance effort. Thereafter, the Plan presents a rule-by-rule discussion of the procedures and mechanisms that SoCalGas has developed to ensure compliance with the Rules. Finally, Appendices 1-4 to this Plan provide SoCalGas’: (1) Officer Verifications; (2) Shared Services Descriptions; (3) Corporate Oversight & Governance Meetings Descriptions; and (4) Listing of Covered and Non-Covered Affiliates.

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<sup>1</sup> D.97-12-088 was amended in D.98-08-035 where the Affiliate Transaction Rules were modified. D.98-11-027 clarified Rule V.F.1’s disclaimer requirement. D.98-12-075 added enforcement provisions to the Affiliate Transaction Rules. D.99-04-069 granted limited exemption from the disclaimer requirements of Rule V.F.1. D.99-09-033 adopted a revised disclaimer for SDG&E and SoCalGas. D.02-02-046 extended the applicability of the revised disclaimer to all utilities covered by the Affiliate Transaction Rules. D.06-12-029 amended the Affiliate Transaction Rules by adopting the Affiliate Transaction Rules Applicable to Large California Energy Utilities.

## **A. AFFILIATE COMPLIANCE FUNCTION**

To execute diligent, thorough, and systematic implementation of the Rules throughout Sempra Energy, the affiliate compliance function is performed by personnel at all three Sempra Energy business units: Corporate Center; the non-utility businesses; and the utilities - SoCalGas and San Diego Gas & Electric Company (“SDG&E”).

### **Corporate Center**

Sempra Energy’s Vice President & Chief Compliance Officer oversees Sempra Energy’s key compliance resources and activities, including business-conduct and legal-compliance programs.

Sempra Energy’s management participates in various corporate oversight and governance meetings to ensure sufficient oversight of the entire enterprise (refer to Appendix 3 for a listing of corporate oversight and governance meetings). In particular, the Corporate Compliance Committee ensures corporate compliance with legal and regulatory requirements and monitors overall corporate compliance and ethics issues. The State and Federal Affiliate Compliance Council comprised of representatives from Sempra Energy’s Corporate Compliance and Law Departments, Sempra Utilities’ Affiliate Compliance Department and Sempra Global’s Federal Regulatory Affairs Department, makes determinations as to critical compliance matters related to these Rules and affiliate-related CPUC and Federal Energy Regulatory Commission (“FERC”) rules.

The Corporate Compliance Department maintains an intranet web page, where employees at all three business units can access information related to the Rules, including a verbatim copy of the Rules, CPUC decisions, SoCalGas’ Plan, and compliance-related procedures, forms, training materials, and recent filings. The department responds to inquiries, provides guidance and/or interpretations related to the Rules including providing assistance in the resolution of affiliate compliance issues received through the Human Resources, Ethics Helpline.



### **Non-Utility Businesses**

Sempra Global's (holding company of the non-utility businesses) Federal Regulatory Affairs Department is responsible for managing and coordinating affiliate compliance efforts for the non-utility businesses, specifically with SoCalGas' energy-related affiliates. The department responds to inquiries, provides guidance and/or interpretations related to the Rules including providing assistance in the resolution of affiliate compliance issues received through the Human Resources, Ethics Helpline.

### **SDG&E / SoCalGas**

The utilities' Affiliate Compliance Department ("ACD") is responsible for managing the utilities' compliance with the Rules. The ACD provides education, direction, and oversight of all matters pertaining to the Rules. Additionally, the ACD is responsible for timely filing of reports related to affiliate transactions.

The ACD resolves policy issues and directs the utilities' compliance efforts on a day-to-day basis. Critical compliance matters are brought to the State and Federal Affiliate Compliance Council for final determination.

The ACD utilizes a telephone hotline, e-mail, internal publications, intranet and Internet web sites to facilitate compliance efforts. The department responds to inquiries, provides guidance and/or interpretations related to the Rules including providing assistance in the resolution of affiliate compliance issues received through the Human Resources, Ethics Helpline. Utility, Corporate Center and non-utility employees can access a variety of information on the ACD's intranet web page related to the Rules. The information available includes a verbatim copy of the Rules, CPUC decisions, SoCalGas' Plan, a listing of compliance coordinators, and compliance-related procedures, forms, training materials, and recent filings. The Advice Letter containing SoCalGas' Plan is also posted on SoCalGas' Internet Web site under the "Regulatory" link.

To facilitate affiliate compliance at the division or department level, the ACD established an administrative process, whereby "affiliate compliance coordinators" act as the first point of contact for compliance efforts within their division or department. These coordinators serve as

liaisons by addressing compliance issues with the ACD related to their division or department and relaying ACD guidance to their groups. At least twice a year, coordinators representing Corporate Center, the non-utility businesses, SDG&E and SoCalGas meet together with ACD staff to discuss areas of concern, share best practices, and gain further knowledge of compliance matters.

ACD personnel currently consist of: an Affiliate Compliance Manager; a Senior Affiliate Compliance Advisor; four Affiliate Compliance Advisors; and an Affiliate Compliance Specialist. The ACD reports to the Director of Compliance, who in turn, reports to the Vice President & Controller. The Vice President & Controller serves as the Affiliate Compliance Officer for SDG&E and SoCalGas.

## **B. AFFILIATE COMPLIANCE TRAINING**

Affiliate Compliance Training (“Training”) is administered annually to all SoCalGas non-represented personnel, and recommended annually for all represented personnel. Additionally, Training is provided to Sempra Energy and Sempra Global employees. Training for non-represented employees is distributed using a web-based format that automatically tracks and records Training records in a database.

During New Employee Orientation, newly-hired represented and non-represented SoCalGas employees are made aware of the affiliate companies and informed that there are rules governing transactions with these companies. Non-represented employees receive a New Employee Orientation Participant Guide that explains how to access Training through the intranet. These employees are required to complete the Affiliate Compliance training within 90 days from the day they are granted access to the company’s network. Sempra Energy’s Business Conduct Guidelines are also provided, which outline corporate standards of conduct and provide direction in the event that ethical or compliance issues arise. The Business Conduct Guidelines include a statement about compliance with the Rules.

Newly-hired employees of Sempra Energy and Sempra Global as well as other non-utility businesses also receive information about completing Training during the new hire orientation process. These employees also access Training through the intranet.

### **C. AFFILIATE COMPLIANCE GUIDELINES**

The Affiliate Compliance Guidelines (“ACG”) are compiled in an internal manual that sets forth detailed procedures for compliance with the CPUC and FERC Rules governing affiliate transactions. The ACG are updated periodically and are available to SoCalGas, SDG&E, Corporate Center and non-utility employees on both Sempra Energy’s Affiliate Compliance web site as well as the ACD’s intranet web site. Employees may also request a printed copy from the ACD by calling the “Affiliate Compliance Hotline” or by e-mailing <AffiliateCompliance@SempraUtilities.com>. The ACG are filed annually with the CPUC as part of SoCalGas’ Affiliate Transactions Report per Ordering Paragraph 2 of CPUC Rulemaking 92-08-008 and Appendix A of D.93-02-019.

#### **I.**

#### **DEFINITIONS<sup>2</sup>**

*Unless the context otherwise requires, the following definitions govern the construction of these Rules:*

**I.A.** *"Affiliate" means any person, corporation, utility, partnership, or other entity 5 percent or more of whose outstanding securities are owned, controlled, or held with power to vote, directly or indirectly, either by a utility or any of its subsidiaries, or by that utility's controlling corporation and/or any of its subsidiaries as well as any company in which the utility, its controlling corporation, or any of the utility's affiliates exert substantial control over the operation of the company and/or indirectly have substantial financial interests in the company exercised through means other than ownership. For purposes of*

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<sup>2</sup> The Commission’s Rules, which are italicized for ease of reference, are followed by SoCalGas’ Procedures and Mechanisms for Ensuring Compliance, which are not italicized.

*these Rules, "substantial control" includes, but is not limited to, the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct or cause the direction of the management or policies of a company. A direct or indirect voting interest of 5% or more by the utility in an entity's company creates a rebuttable presumption of control.*

*For purposes of this Rule, "affiliate" shall include the utility's parent or holding company, or any company which directly or indirectly owns, controls, or holds the power to vote 10% or more of the outstanding voting securities of a utility (holding company), to the extent the holding company is engaged in the provision of products or services as set out in Rule II B. However, in its compliance plan filed pursuant to Rule VI, the utility shall demonstrate both the specific mechanism and procedures that the utility and holding company have in place to assure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules. Examples include but are not limited to specific mechanisms and procedures to assure the Commission that the utility will not use the holding company or another utility affiliate not covered by these Rules, or a consultant or contractor as a vehicle to (1) disseminate information transferred to them by the utility to an affiliate covered by these Rules in contravention of these Rules, (2) provide services to its affiliates covered by these Rules in contravention of these Rules or (3) to transfer employees to its affiliates covered by these Rules in contravention of these Rules. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of the specific mechanisms and procedures to ensure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules.*

*Regulated subsidiaries of a utility, defined as subsidiaries of a utility, the revenues and expenses of which are subject to regulation by the Commission and are included by the Commission in establishing rates for the utility, are not included within the definition of affiliate. However, these Rules apply to all interactions any regulated subsidiary has with other affiliated entities covered by these rules.*

- I.B.** *“Commission” means the California Public Utilities Commission or its succeeding state regulatory body.*
- I.C.** *“Customer” means any person or corporation, as defined in Sections 204, 205 and 206 of the California Public Utilities Code, that is the ultimate consumer of goods and services.*
- I.D.** *“Customer Information” means non-public information and data specific to a utility customer which the utility acquired or developed in the course of its provision of utility services.*
- I.E.** *“FERC” means the Federal Energy Regulatory Commission.*
- I.F.** *“Fully Loaded Cost” means the direct cost of good or service plus all applicable indirect charges and overheads.*
- I.G.** *“Utility” means any public utility subject to the jurisdiction of the Commission as an Electric Corporation or Gas Corporation, as defined in California Public Utilities Code Sections 218 and 222, and with gross annual operating revenues in California of \$1 billion or more.*
- I.H.** *“Resource Procurement” means the investment in and the production or acquisition of the energy facilities, supplies, and other energy products or services necessary for California public utility gas corporations and California public utility electrical corporations to meet their statutory obligation to serve their customers.*

### **Procedures and Mechanisms for Ensuring Compliance**

Rule I.A through Rule I.H require no compliance action.

## II. APPLICABILITY OF RULES

*II.A. These Rules shall apply to California public utility gas corporations and California public utility electrical corporations, subject to regulation by the California Public Utilities Commission and with gross annual operating revenues in California of \$1 billion or more.*

*II.B. For purposes of a combined gas and electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, unless specifically exempted below. For purposes of an electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses electricity or the provision of services that relate to the use of electricity. For purposes of a gas utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or the provision of services that relate to the use of gas. However, regardless of the foregoing, where explicitly provided, these Rules also apply to a utility's parent holding company and to all of its affiliates, whether or not they engage in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity.*

### **Procedures and Mechanisms for Ensuring Compliance**

These Rules apply only to transactions between SoCalGas and its **“covered” affiliates**, except where also explicitly provided as applicable to the holding company and/or **“non-covered affiliates.” Therefore, any reference to an “affiliate” in this Plan is intended to mean a “covered affiliate,” unless otherwise stated.**

SoCalGas classifies “covered” affiliates as those affiliates that engage in the market in the provision of natural gas and/or electricity as follows: trading natural gas and/or electricity; offering products that use natural gas or electricity; or offering a service that relates to the use of natural gas and/or electricity. Further, SoCalGas classifies “covered” affiliates that actively broker commodities (natural gas and/or electricity) on a competitive basis as “energy marketing” affiliates. These affiliates presently buy **and** sell natural gas and/or electricity competitively in

the open market. Energy marketing affiliates include companies that have market based rate authority granted by FERC. Energy marketing affiliates do not include companies in the formation stage that have not yet engaged in buying **and** selling of the commodity.

Affiliates that do not meet these criteria are classified as “non-covered” affiliates. Non-covered affiliates include, but are not limited to: holding companies, companies that offer temporary employment services, employee recruitment services, financial or consulting type services, and janitorial services regardless of whether these affiliates offer their services to companies in the natural gas or electric industry. Sempra Energy, the holding company for SoCalGas, does not provide products or services as defined in Rule II.B, and is therefore classified as a “non-covered affiliate.”

A listing of SoCalGas’ covered and non-covered affiliates, as of June 1, 2008, is provided in Appendix 4 to this Plan. A listing of all covered and non-covered affiliate companies is maintained on the ACD’s intranet web site and SoCalGas’ Internet web site at <[www.socalgas.com](http://www.socalgas.com)>. The listing provides the affiliate’s name, a brief description of the affiliate’s business, and indicates whether the affiliate is “covered” or “not covered” under the Rules as well as whether it is an “energy marketing affiliate.” No less than annually, the ACD compares its affiliate listing to the Sempra Energy Corporate Secretary’s database of companies to ensure consistency and accurate reporting.

*II.C. No holding company nor any utility affiliate, whether or not engaged in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, shall knowingly:*

- 1. direct or cause a utility to violate or circumvent these Rules, including but not limited to the prohibitions against the utility providing preferential treatment, unfair competitive advantages or non-public information to its affiliates;*
- 2. aid or abet a utility’s violation of these Rules; or*
- 3. be used as a conduit to provide non-public information to a utility’s affiliate.*

## **Procedures and Mechanisms for Ensuring Compliance**

The Sempra Energy Corporate Center provides much of the corporate governance and oversight shared between the utility and affiliates pursuant to Rule V.E. As such, these employees are responsible for safeguarding nonpublic information in their possession and must not share or transfer any information that is subject to the restrictions imposed by the anti-conduit requirements and the Rules.

Sempra Energy's officers and employees as well as SoCalGas' officers and shared services employees have completed Training, which includes instruction on anti-conduit procedures to prevent circumvention or direct or indirect violation of the Rules. As part of Training, employees must affirm their understanding of the Rules and acknowledge that they must not: (1) provide a means for the transfer of confidential information from the utility to an affiliate, or vice versa; (2) create the opportunity for preferential treatment or unfair competitive advantage; or (3) create significant opportunities for cross-subsidization of affiliates by the utilities.

*II.D. These Rules apply to transactions between a Commission-regulated utility and another affiliated utility, unless specifically modified by the Commission in addressing a separate application to merge or otherwise conduct joint ventures related to regulated services.*

## **Procedures and Mechanisms for Ensuring Compliance**

The PE/Enova Merger Decision (D.98-03-073, *mimeo* at 107) largely exempted transactions between SoCalGas and SDG&E from the Rules in order to preserve the merger synergies. The CPUC held that affiliate issues with respect to utility-to-utility transactions are to be governed by the rules set forth in the Merger Decision.

*II.E. These Rules do not apply to the exchange of operating information, including the disclosure of customer information to its FERC-regulated affiliate to the extent such information is required by the affiliate to schedule and confirm nominations for the interstate transportation of natural gas, between a utility and its FERC-regulated affiliate, to the extent that the affiliate operates an interstate natural gas pipeline. These Rules do not apply to transactions between an electric utility and an affiliate providing broadband over power lines (BPL).*



## **Procedures and Mechanisms for Ensuring Compliance**

Of the FERC-regulated affiliates (covered by these Rules), none interconnect with the SoCalGas system. In D.04-09-022, the CPUC authorized the establishment of Otay Mesa as a common SoCalGas/SDG&E natural gas receipt point from Transportadora de Gas Natural de Baja California, S. de R.L. de C.V. (“TGN”), an affiliate in Mexico. Receipts at Otay Mesa include natural gas sourced from the Energia Costa Azul (“ECA”) LNG facility in Mexico, an affiliate of SDG&E and SoCalGas. Although neither TGN nor ECA is regulated by the FERC, deliveries of natural gas to the SoCalGas/SDG&E system requires the exchange of operating information in the same manner as would be done with any upstream interconnecting pipeline. Therefore, SoCalGas’ gas operations group will exchange such information with TGN and ECA in accordance with this Rule and established SoCalGas/SDG&E protocols.

***II.F.** Existing Rules: Existing Commission rules for each utility and its parent holding company shall continue to apply except to the extent they conflict with these Rules. In such cases, these Rules shall supersede prior rules and guidelines, provided that nothing herein shall supersede the Commission’s regulatory framework for broadband over power lines (BPL) adopted in D. 06-04-070 nor shall preclude (1) the Commission from adopting other utility-specific guidelines; or (2) a utility or its parent holding company from adopting other utility-specific guidelines, with advance Commission approval.*

## **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas continues to comply with existing Commission rules that have not been superseded, such as the annual affiliate transactions reporting requirements pursuant to D.93-02-019. If rules are modified or superseded, SoCalGas will update its Training and internal guidelines appropriately.

***II.G.** Civil Relief: These Rules shall not preclude or stay any form of civil relief, or rights or defenses thereto, that may be available under state or federal law.*

***II.H.** These Rules should be interpreted broadly, to effectuate our stated objectives of fostering competition and protecting consumer interests. If any provision of these Rules, or the*

*application thereof to any person, company, or circumstance, is held invalid, the remainder of Rules, or the application of such provision to other persons, companies, or circumstances, shall not be affected thereby.*

### **Procedures and Mechanisms for Ensuring Compliance**

Rules II.G and II.H require no compliance action.

## **III.**

### **NONDISCRIMINATION STANDARDS**

#### ***III.A. No Preferential Treatment Regarding Services Provided By The Utility***

*Unless otherwise authorized by the Commission or the FERC, or permitted by these Rules, a utility shall not:*

*III.A.1. represent that as a result of the affiliation with the utility, its affiliates or customers of its affiliates will receive any different treatment by the utility than the treatment the utility provides to other, unaffiliated companies or their customers; or*

*III.A.2. provide its affiliates, or customers of its affiliates, any preference (including but not limited to terms and conditions, pricing, or timing) over non-affiliated suppliers or their customers in the provision of services provided by the utility.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will not provide preferential treatment to its affiliates and will view its affiliates in a manner consistent with its unaffiliated companies and/or customers. The Sempra Energy and SoCalGas internal control environment, which includes the Training program, reinforces the nondiscrimination and non-preferential treatment standards required by the Rules.

### ***III.B. Affiliate Transactions***

*Transactions between a utility and its affiliates shall be limited to tariffed products and services, to the sale of goods, property, products or services made generally available by the utility or affiliate to all market participants through an open, competitive bidding process, to the provision of information made generally available by the utility to all market participants, to Commission-approved resource procurement by the utility, or as provided for in Rules V. D. (joint purchases), V. E. (corporate support) and VII (new products and services) below.*

### **Procedures and Mechanisms for Ensuring Compliance**

For utility and affiliate transactions (non-resource procurement) covered by this Rule:

1. Tariffed products and services – SoCalGas implements its tariffs in a nondiscriminatory fashion. Tariffed discretions are addressed in Rule III.B.4.
2. Open competitive bidding process – SoCalGas makes the opportunity and process available to all market participants.
3. Information made generally available by SoCalGas to all market participants.
4. Shared services – as described under Rules V.D, V.E and Appendix 2.
5. Non-tariffed products and services – see Rule VII and existing offerings in VII.F.

For commission-approved resource procurement covered by this Rule – see Rule III.B.1.

***III.B.1. Resource Procurement.*** *No utility shall engage in resource procurement, as defined in these Rules, from an affiliate without prior approval from the Commission. Blind transactions between a utility and its affiliate, defined as those transactions in which neither party knows the identity of the counterparty until the transaction is consummated, are exempted from this Rule. A transaction shall be deemed to have prior Commission approval (a) before the effective date of this Rule, if authorized by the Commission specifically or through the delegation of authority to Commission staff or (b) after the effective date of this Rule, if authorized by the Commission generally or specifically or through the delegation of authority to Commission staff.*

## **Procedures and Mechanisms for Ensuring Compliance**

D.07-12-19 approved the consolidation of the natural gas supply portfolios for SDG&E's and SoCalGas' core customers into a single natural gas supply portfolio to be administered by SoCalGas effective April 1, 2008. SoCalGas' natural gas purchasing practices are compliant with the CPUC's Rules and ensure that SoCalGas' core ratepayers are not denied the opportunity to obtain the lowest cost possible for natural gas supplies available in the highly-competitive marketplace.

The objectives of the SoCalGas Gas Acquisition Department in order of priority are to:

1. Provide reliable natural gas supplies to core customers.
2. Provide these supplies at the lowest possible cost using the assets allocated to the core.
3. Provide ratepayer and shareholder benefits under the Gas Cost Incentive Mechanism ("GCIM").

The Gas Acquisition Department follows standard industry practices in its natural gas trading procedures. Gas Acquisition uses the tools available to any entity (marketer, producer or utility) engaged in trading activity. These tools include physical trading, derivative trading, hub transactions<sup>3</sup>, secondary market transactions<sup>4</sup> and interstate capacity transactions. Gas Acquisition traders are authorized to enter into transactions in accordance with the Utilities' Approval and Commitment Policy, Special Delegation of Authority and the SoCalGas Market Activity and Credit Policy. The results of these transactions are measured against the GCIM benchmark to determine the extent of any shareholder reward or penalty, if any.

Each month, Gas Acquisition submits a GCIM report to the CPUC that computes in detail the GCIM results for that month. This report provides details of all transactions, including supplier names and deal terms. An annual GCIM report and application are filed, and responses are provided to the CPUC in reply to detailed data requests.

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<sup>3</sup> SoCalGas will continue to offer hub transactions until such time the California Energy Hub operations are transferred from Gas Acquisition to the System Operator pursuant to D.07-12-019

<sup>4</sup> Such as park and loan transactions as authorized by the Commission in D.07-12-019

Gas Acquisition purchases about 1.15 Bcf of natural gas per day for the core market.<sup>5</sup> Gas Acquisition buys most of its natural gas on a long-term or monthly basis in the San Juan Basin, Permian Basin, Rocky Mountains, Canadian and California border points. Natural gas is also purchased for storage injection primarily during the summer months to provide peak day reliability in the winter.

Gas Acquisition and SoCalGas policy expressly forbids preferential treatment to any supplier.

Natural gas transactions with affiliates can be categorized as follows:

1. “Arm’s length” deals through matching by brokers. SoCalGas and an affiliate can be matched by a broker. In this case, neither SoCalGas nor the affiliate knows the other party’s identity until the deal is accepted by both parties. Payment is made between SoCalGas and the affiliate and the broker bills each party separately. The paper trail specifically identifies the transaction as a brokered deal. All brokers have been sent a letter stating that no preference is to be given to SoCalGas’ affiliates.
2. Hub Transactions. Hub transactions with affiliates are posted on the Envoy System, SoCalGas’ Electronic Bulletin Board (“EBB”), within one hour of completing the transaction in accordance with the Remedial Measures adopted by the CPUC in the PE-Enova merger proceeding (D.98-03-073). This provides other similarly situated customers additional information in time to request a deal with comparable terms.
3. Secondary Market Transactions. Secondary Market Transactions with affiliates are posted on the Envoy System contemporaneously to provide other similarly situated customers additional information in time to request a deal with comparable terms.
4. All transactions, daily or monthly, affiliated and unaffiliated are date stamped, which will allow any affiliate transactions to be compared with prior and subsequent transactions with unaffiliated parties. SoCalGas will respond in a timely manner to

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<sup>5</sup> D.07-12-19 approved the consolidation of the natural gas supply portfolios for SDG&E’s and SoCalGas’ core customers into a single natural gas supply portfolio to be administered by SoCalGas effective April 1, 2008. Consequently, SoCalGas’ purchases are expected to increase by approximately 14% for the combined portfolio.

any Division of Ratepayer Advocates (“DRA”) requests for further information about any transaction.

### ***III.B.2. Provision of Supply, Capacity, Services or Information***

*Except as provided for in Rules V. D., V. E, and VII, a utility shall provide access to utility information, services, and unused capacity or supply on the same terms for all similarly situated market participants. If a utility provides supply, capacity, services, or information to its affiliate(s), it shall contemporaneously make the offering available to all similarly situated market participants, which include all competitors serving the same market as the utility’s affiliates.*

### **Procedures and Mechanisms for Ensuring Compliance**

When SoCalGas provides supply, capacity, services, or information, it makes the offering available to all similarly situated market participants by posting it contemporaneously on Envoy.

For transactions that are part of internal operations and integral to a permitted transaction with an affiliate, these items will not be posted on Envoy. For example, if SoCalGas provides non-public right-of-way information to an affiliate pursuant to its Rule No. 34, this information would not be posted since this is a tariffed service and the information is integral to providing the service. Or, if SoCalGas provides non-public information regarding the capability of its gas transmission system to accept regasified LNG volumes from its LNG affiliate in an “Interconnection Capacity Study” as required by its Rule 39.B, it would not post this information since this is a tariffed product and the information is an integral part of the product. In both of these examples, SoCalGas is treating its affiliate exactly the same as any unaffiliated third party requesting the tariffed product or service, since the information would not be posted if provided to an unaffiliated entity. This is consistent with Rule III.B.2 because the information provided to an affiliate pursuant to the tariff rules is provided “on the same terms for all similarly-situated market participants.”

When postings are required, procedures are in place specifying the form and content of the information to be posted. Once an authorized employee posts this information on Envoy, it automatically appears in the appropriate category on SoCalGas’ Internet web site.

Interested parties will find the posted information on SoCalGas' Internet home page at <[www.socalgas.com](http://www.socalgas.com)>. From the home page, the information is accessed by selecting the “**Regulatory**” link, then selecting the “**Affiliate Transactions**” link, and then scrolling to the bottom of the page, where the “**Supply, Capacity, Services, or Information**” category is found.

### ***III.B.3. Offering of Discounts***

*Except when made generally available by the utility through an open, competitive bidding process, if a utility offers a discount or waives all or any part of any other charge or fee to its affiliates, or offers a discount or waiver for a transaction in which its affiliates are involved, the utility shall contemporaneously make such discount or waiver available to similarly situated market participants. The utilities should not use the “similarly situated” qualification to create such a unique discount arrangement with their affiliates such that no competitor could be considered similarly situated. All competitors serving the same market, as the utility’s affiliates should be offered the same discount as the discount received by the affiliates. A utility shall document the cost differential underlying the discount to its affiliates in the affiliate discount report described in Rule III F 7 below.*

### **Procedures and Mechanisms for Ensuring Compliance**

When SoCalGas offers a discount or waiver to its affiliates, it makes the offering available to all similarly situated market participants by posting it contemporaneously on Envoy. SoCalGas considers uniform discounts provided to all competitors as well as vendor discounts provided by suppliers to all market participants that are passed through to affiliates as not required to be posted.

Procedures are in place specifying the form and content of the information to be posted. Once an authorized employee posts this information on Envoy, it automatically appears in the appropriate category on SoCalGas' Internet web site.

Interested parties will find the posted information on SoCalGas' Internet home page at <[www.socalgas.com](http://www.socalgas.com)>. From the home page, the information is accessed by selecting the “**Regulatory**” link, then selecting the “**Affiliate Transactions**” link, and then scrolling to the bottom of the page, where the “**Discounts, Rebates, Tariff Deviations, or Fee Waivers**” category is found.

***III.B.4. Tariff Discretion***

*If a tariff provision allows for discretion in its application, a utility shall apply that tariff provision in the same manner to its affiliates and other market participants and their respective customers.*

***III.B.5. No Tariff Discretion***

*If a utility has no discretion in the application of a tariff provision, the utility shall strictly enforce that tariff provision.*

***III.B.6. Processing Requests for Services Provided by the Utility***

*A utility shall process requests for similar services provided by the utility in the same manner and within the same time for its affiliates and for all other market participants and their respective customers.*

**Procedures and Mechanisms for Ensuring Compliance**

SoCalGas understands that the Rules are intended to ensure that SoCalGas implements its tariffs in a nondiscriminatory fashion. In the event a tariff provision allows for discretion in its application, SoCalGas will apply that tariff provision in the same manner to its affiliates as it does to all other market participants and their respective customers. SoCalGas will strictly enforce tariff provisions when discretion is not permitted. Any tariff deviation provided to an affiliate is posted on Envoy by authorized employees.

Procedures are in place specifying the form and content of the information to be posted. Once posted on Envoy, the information automatically appears in the appropriate category on SoCalGas' Internet website.



Interested parties will find the posted information on SoCalGas' Internet home page at <www.socalgas.com>. From the home page, the information is accessed by selecting the **“Regulatory”** link, then selecting the **“Affiliate Transactions”** link, and then scrolling to the bottom of the page, where the **“Discounts, Rebates, Tariff Deviations, or Fee Waivers”** category is found.

### ***III.C. Tying of Services Provided by a Utility Prohibited***

*A utility shall not condition or otherwise tie the provision of any services provided by the utility, nor the availability of discounts of rates or other charges or fees, rebates, or waivers of terms and conditions of any services provided by the utility, to the taking of any goods or services from its affiliates.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will comply with Rule III.C's requirements. Training specifically addresses that SoCalGas must not condition or otherwise tie the provision of any service provided by the utility or the availability of any discount, charge, fee, rebate, or waiver to the taking of any affiliate goods or services.

### ***III.D. No Assignments Of Customers***

*A utility shall not assign customers to which it currently provides services to any of its affiliates, whether by default, direct assignment, option or by any other means, unless that means is equally available to all competitors.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will comply with Rule III.D's requirements. Training specifically addresses that SoCalGas must not refer or assign customers to affiliates.

### ***III.E. Business Development and Customer Relations***

*Except as otherwise provided by these Rules, a utility shall not:*  
*(1) provide leads to its affiliates;*

- (2) solicit business on behalf of its affiliates;*
- (3) acquire information on behalf of or to provide to its affiliates;*
- (4) share market analysis reports or any other types of proprietary or non-publicly available reports, including but not limited to market, forecast, planning or strategic reports, with its affiliates;*
- (5) request authorization from its customers to pass on customer information exclusively to its affiliates;*
- (6) give the appearance that the utility speaks on behalf of its affiliates or that the customer will receive preferential treatment as a consequence of conducting business with the affiliates; or*
- (7) give any appearance that the affiliate speaks on behalf of the utility.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will comply with Rule III.E's requirements. Training specifically addresses that:

- Customer leads are not to be provided to affiliates;
- Business is not to be solicited on affiliates' behalf;
- No business information is to be acquired on behalf of affiliates;
- No market analysis report or other proprietary information is to be shared with affiliates, except as otherwise permitted by these Rules; and
- Employees must not give any indication that they represent or speak on behalf of any company other than SoCalGas, or that an affiliate represents the utility.

Furthermore, corporate policy prohibits the release of customer specific information to any entity without the customer's explicit written consent or as otherwise permissible or required by law (for example, in circumstances pursuant to subpoena or as part of a regulatory program).

### ***III.F. Affiliate Discount Reports***

*If a utility provides its affiliates a discount, rebate, or other waiver of any charge or fee associated with products or services provided by the utility, the utility shall, within 24 hours of the time at which the product or service provided by the utility is so provided, post a notice on its electronic bulletin board providing the following information:*

1. *the name of the affiliate involved in the transaction;*
2. *the rate charged;*
3. *the maximum rate;*
4. *the time period for which the discount or waiver applies;*
5. *the quantities involved in the transaction;*
6. *the delivery points involved in the transaction;*
7. *any conditions or requirements applicable to the discount or waiver, and a documentation of the cost differential underlying the discount as required in Rule III B 2 above; and*
8. *procedures by which a nonaffiliated entity may request a comparable offer.*

*A utility that provides an affiliate a discounted rate, rebate, or other waiver of a charge or fee associated with services provided by the utility shall maintain, for each billing period, the following information:*

9. *the name of the entity being provided services provided by the utility in the transaction;*
10. *the affiliate's role in the transaction (i.e., shipper, marketer, supplier, seller);*
11. *the duration of the discount or waiver;*
12. *the maximum rate;*
13. *the rate or fee actually charged during the billing period; and*
14. *the quantity of products or services scheduled at the discounted rate during the billing period for each delivery point.*

*All records maintained pursuant to this provision shall also conform to FERC rules where applicable.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will comply with requirements 1-14 of this Rule. If SoCalGas provides its affiliates a discount, rebate, or waives all or any part of a fee, SoCalGas maintains the records required by this Rule and posts the required information on Envoy within one business day.

Procedures are in place specifying the form and content of the information to be posted on the web site. Authorized employees post this information to the Affiliate Transactions category on Envoy. Once posted, the information will automatically appear in the appropriate category on SoCalGas' Internet website.

Interested parties will find the posted information on SoCalGas' Internet home page at <www.socalgas.com>. From the home page, the information is accessed by selecting the **“Regulatory”** link, then selecting the **“Affiliate Transactions”** link, and then scrolling to the bottom of the page, where the **“Discounts, Rebates, Tariff Deviations, or Fee Waivers”** category is found.

## **IV. DISCLOSURE AND INFORMATION**

### ***IV.A. Customer Information***

*A utility shall provide customer information to its affiliates and unaffiliated entities on a strictly nondiscriminatory basis, and only with prior affirmative customer written consent.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas obtains written customer consent for the release of all customer specific information. In order to make this information available on a nondiscriminatory basis, notice is posted contemporaneously when SoCalGas provides this information to its affiliate. This notice includes: the name of the affiliate to receive the information; a description of the information; the time period covered; the date the information is given; and the contact person at SoCalGas. For confidentiality reasons, this notice does not include the name of the customer or the specific information released.

Procedures are in place specifying the form and content of the information to be posted on the web site. Authorized employees use a form located on SoCalGas' Affiliate Compliance intranet site to post this information. Once the data is entered into the form, the information immediately posts to the appropriate category on SoCalGas' Internet web site.

Interested parties will find the posted information on SoCalGas' Internet home page at <www.socalgas.com>. From the home page, the information is accessed by selecting the “**Regulatory**” link, then selecting the “**Affiliate Transactions**” link, and then scrolling to the bottom of the page, where the “**Customer Information Provided to Affiliate(s)**” category is found.

#### ***IV.B. Non-Customer Specific Non-Public Information***

*A utility shall make non-customer specific non-public information, including but not limited to information about a utility's natural gas or electricity purchases, sales, or operations or about the utility's gas-related goods or services and electricity-related goods or services, available to the utility's affiliates only if the utility makes that information contemporaneously available to all other service providers on the same terms and conditions, and keeps the information open to public inspection. Unless otherwise provided by these Rules, a utility continues to be bound by all Commission-adopted pricing and reporting guidelines for such transactions. A utility is also permitted to exchange proprietary information on an exclusive basis with its affiliates, provided the utility follows all Commission-adopted pricing and reporting guidelines for such transactions, and it is necessary to exchange this information in the provision of the corporate support services permitted by Rule V.E. below. The affiliate's use of such proprietary information is limited to use in conjunction with the permitted corporate support services, and is not permitted for any other use. Nothing in this Rule precludes the exchange of information pursuant to D.97-10-031. Nothing in this Rule is intended to limit the Commission's right to information under the Public Utilities Code Sections 314 and 581.*

#### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas interprets this rule as permitting the exchange of public information between SoCalGas and its affiliates without incurring an obligation to post such information.

Non-customer specific, non-public utility information may be shared on an exclusive basis with affiliates, subject to their obligation to not act as a conduit to other affiliates, if the information is: (1) necessary to perform shared corporate support or corporate oversight or governance and where such information is only used for that limited purpose; and (2) does not create an opportunity for an unfair competitive advantage.

The ACD, in consultation with Sempra Energy's Chief Compliance Officer, provides guidance in the application of these limited exceptions to the general prohibition on sharing non-public utility information. Any non-public utility information that does not meet the above criteria may not be shared with a covered affiliate unless such information is contemporaneously posted.

Sempra Energy corporate officers responsible for shared corporate oversight and governance may receive all information from the utility and affiliates that is used for the purpose of providing such oversight and governance. Such information may be used only for that purpose and is subject to established anti-conduit measures.

When SoCalGas provides non-customer specific, non-public information to its affiliates that does not meet the above exception criteria, SoCalGas will post this information contemporaneously on SoCalGas' Internet web site. This site will offer the information under the same terms and conditions as described in the preceding Rule.

As noted in the procedures for rule III.B, transactions that are part of internal operations and integral to a permitted transaction with an affiliate, these items will not be posted. For example, if SoCalGas provides non-public right-of-way information to an affiliate pursuant to its Rule No. 34, this information would not be posted since this is a tariffed service and the information is integral to providing the service. Or, if SoCalGas provides non-public information regarding the capability of its gas transmission system to accept regasified LNG volumes from its LNG affiliate in an "Interconnection Capacity Study" as required by its Rule 39.B, it would not post this information since this is a tariffed product and the information is an integral part of the product. In both of these examples, SoCalGas is treating its affiliate exactly the same as any unaffiliated third party requesting the tariffed product or service, since the information would not be posted if provided to an unaffiliated entity. This is consistent with Rule III.B.2 because the information provided to an affiliate pursuant to the tariff rules is provided "on the same terms for all similarly-situated market participants."

When postings are required, procedures are in place specifying the form and content of the information to be posted on the web site. Authorized employees use a form located on

SoCalGas' Affiliate Compliance intranet site to post this information. Once the data is entered, the information immediately posts to the appropriate category on SoCalGas' Internet web site.

Interested parties will find the posted information on SoCalGas' Internet home page at <www.socalgas.com>. From the home page, the information is accessed by clicking on **“Regulatory,”** then clicking on the **“Affiliate Transactions”** link located in the “Related Information” column at the right of the page, where the **“Non-Customer Specific, Non-Public Information”** category is found.

#### ***IV.C. Service Provider Information***

*Except upon request by a customer or as otherwise authorized by the Commission, or another governmental body, a utility shall not provide its customers with any list of service providers, which includes or identifies the utility's affiliates, regardless of whether such list also includes or identifies the names of unaffiliated entities.*

#### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas uses a non-discriminatory process for suppliers to be included on the service provider list, which is included on SoCalGas' Internet website. SoCalGas provides this list to customers only upon their request, as a convenience. As stated on SoCalGas' Internet website, the utility does not recommend, endorse or represent any listed supplier.

#### ***IV.D. Supplier Information***

*A utility may provide non-public information and data which has been received from unaffiliated suppliers to its affiliates or non-affiliated entities only if the utility first obtains written affirmative authorization to do so from the supplier. A utility shall not actively solicit the release of such information exclusively to its own affiliate in an effort to keep such information from other unaffiliated entities.*

#### **Procedures and Mechanisms for Ensuring Compliance**

The Supply Management Department trains its contracting agents to first obtain written authorization from an unaffiliated supplier before providing non-public information and data received from the supplier to the utility's affiliates or non-affiliated entities.

Affiliate requests for supplier information are centrally processed by Supply Management through use of Supplier Disclosure Forms. Supplier Disclosure Forms are not required to disclose contract data for allowable shared goods and services.

Supply Management maintains a log of all instances in which it provides supplier information to an affiliate for *non*-shared goods and services. The log lists the affiliate name, the supplier, the date that the form is received, and indicates that the required written affirmative authorization was obtained from the supplier.

#### ***IV.E. Affiliate-Related Advice Or Assistance***

*Except as otherwise provided in these Rules, a utility shall not offer or provide customers advice or assistance with regard to its affiliates or other service providers.*

#### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will comply with IV.E's requirements. Training directs SoCalGas employees to refrain from providing advice or assistance regarding any service provider (including its affiliates) or any proposal of a service provider.

SoCalGas' primary interest is in meeting the needs of its customers. Resolution G-3238 recognizes SoCalGas' right to provide general technical advice not related to a specific service provider or proposal. SoCalGas will offer customers general technical advice that is not linked to a specific service provider or proposal and will, under Rule V.F.4.a, meet with customers when requested to "discuss technical and operational subjects regarding the utility's provision of transportation service to the customer."

#### ***IV.F. Record Keeping***

*A utility shall maintain contemporaneous records documenting all tariffed and nontariffed transactions with its affiliates, including but not limited to, all waivers of tariff or contract provisions, all discounts and all negotiations of any sort between the utility and its affiliates whether or not they are consummated. A utility shall maintain such records for a minimum of three years and longer if this Commission or another government agency so requires. For consummated transactions, the utility shall make such final transaction documents available for*



*third party review upon 72 hours' notice, or at a time mutually agreeable to the utility and third party.*

*If D.97-06-110 is applicable to the information the utility seeks to protect, the utility should follow the procedure set forth in D.97-06-110, except that the utility should serve the third party making the request in a manner that the third party receives the utility's D.97-06-110 requests for confidentiality within 24 hours of service.*

### **Procedures and Mechanisms for Ensuring Compliance**

Records are maintained so that they can be released within three business days from the receipt of the request. Records are kept for at least three years as required by the Rule.

It should be noted that the billing records are processed in aggregate, on a monthly billing cycle. SoCalGas' current accounting system does not process billings to affiliates on a real-time basis.

All requests from third parties for affiliate transaction information must be made to the Affiliate Compliance Manager, who will, for all reasonable requests arrange for retrieval and presentation of the information within the time required. All requests pursuant to this Rule should be submitted in writing to:

Cathy St Marie  
Affiliate Compliance Manager  
San Diego Gas & Electric Co.  
8315 Century Park Court, ML-CP21R  
San Diego, CA 92123-1548

### ***IV.G. Maintenance of Affiliate Contracts and Related Bids***

*A utility shall maintain a record of all contracts and related bids for the provision of work, products or services between the utility and its affiliates for no less than a period of three years, and longer if this Commission or another government agency so requires.*

### **Procedures and Mechanisms for Ensuring Compliance**

Relevant records will be retained for three years or in accordance with the official retention cycle as established by Sempra Energy's Records Management Policy, whichever is longer, by the department involved with the transaction.

***IV.H. FERC Reporting Requirements***

*To the extent that reporting rules imposed by the FERC require more detailed information or more expeditious reporting, nothing in these Rules shall be construed as modifying the FERC rules.*

**Procedures and Mechanisms for Ensuring Compliance**

No additional compliance action is required.

**V.**

**SEPARATION**

***V.A. Corporate Entities***

*A utility, its parent holding company, and its affiliates shall be separate corporate entities.*

**Procedures and Mechanisms for Ensuring Compliance**

SoCalGas, Sempra Energy, and its affiliates are separate entities.

***V.B. Books and Records***

*A utility, its parent holding company, and its affiliates shall keep separate books and records.*

*V.B.1. Utility books and records shall be kept in accordance with the applicable Uniform System of Accounts ("USOA") and Generally Accepted Accounting Procedures ("GAAP").*

*V.B.2. The books and records of a utility's parent holding company and affiliates shall be open for examination by the Commission and its staff consistent with the provisions of Public Utilities Code Sections 314 and 701, the conditions in the*

*Commission's orders authorizing the utilities' holding companies and/or mergers and these Rules.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas, Sempra Energy, and its affiliates maintain separate accounting books and records. SoCalGas follows and will continue to follow USOA and GAAP standards. The accounting books and records of SoCalGas, Sempra Energy, and its affiliates are open for examination by the CPUC pursuant to Public Utilities Code Sections 314(b) and 701.

#### ***V.C. Sharing of Plant, Facilities, Equipment or Costs***

*A utility shall not share office space, office equipment, services, and systems with its affiliates, nor shall a utility access the computer or information systems of its affiliates or allow its affiliates to access its computer or information systems, except to the extent appropriate to perform shared corporate support functions permitted under Rule V.E. of these Rules. Physical separation required by this rule shall be accomplished preferably by having office space in a separate building, or, in the alternative, through the use of separate elevator banks and/or security-controlled access. This provision does not preclude a utility from offering a joint service provided this service is authorized by the Commission and is available to all non-affiliated service providers on the same terms and conditions (e.g., joint billing services pursuant to D.97-05-039).*

### **Procedures and Mechanisms for Ensuring Compliance**

#### **Facilities Separation:**

SoCalGas' headquarters are located at the Gas Company Tower in downtown Los Angeles. Access to the entire Gas Company Tower is card-key controlled. At the present time, no affiliate personnel occupy office space in the Gas Company Tower. SDG&E shared service employees have workspace at the Gas Company Tower.

Workspace at SDG&E's headquarters, located at the Century Park facility in San Diego, has been designated for use by Corporate Center and SoCalGas shared service employees. Utility officers who are primarily based out of the Gas Company Tower, also have workspace at

Century Park to facilitate integrated management of the two utilities. No affiliate personnel share the Century Park facility.

**Information Technology:**

The SDG&E Data Center is located 30 miles from Sempra Energy’s Headquarters Building and houses the majority of Information Technology (“IT”) production processing operations. Consolidation of the SoCalGas and SDG&E IT systems is a “utility-to-utility” transaction that was approved and priced in the Merger Decision (D.98-03-073).

The SDG&E Data Center is a stand-alone facility, specifically constructed and maintained to house computer technology services and related activities in a high security environment. The utility-operated facility provides computer technology services for the utilities and Corporate Center. The SDG&E Data Center provides support for permissible shared services (under Rule V.E), such as employee timekeeping, payroll, materials management, and accounting functions.

To ensure compliance with the Rules for utility and affiliate separation, the Utility/Corporate Center information systems adhere to the following measures:

**Office Space:**

Affiliate personnel are not allowed physical access to the SDG&E Data Center without escort. Sempra Global (holding company of the non-utility businesses), operates its own independent IT organization and data center for affiliate information systems. The Sempra Global Data Center is located at Sempra Energy’s Headquarters building. With the exception of shared service Facilities Management staff, utility employees cannot access the Sempra Global Data Center without escort.

**Shared Services:**

The Utility/Corporate Center network maintains physical and logical security controls to ensure that affiliates can only view, input and export information related to permissible shared services.

Utility employees do not have access to the Sempra Global network.

**Systems:**

The Utility/Corporate Center IT network is separated from affiliates by security controls designed to physically and logically isolate each affiliate's systems and information.

The utilities and affiliates each maintain their own systems separately, including separate contracts and licenses, directories, server hardware and software, and desktop hardware and software. Communications systems, such as e-mail, directories and collaboration tools are also separated.

Internal guidelines are in place to manage the limited connectivity between the Utility/Corporate Center network and the Sempra Global network for access to allowable shared services. These guidelines are approved by representatives of SDG&E IT, Global IT and Affiliate Compliance and are audited by the Sempra Energy Audit Services Department.

***V.D. Joint Purchases***

*To the extent not precluded by any other Rule, the utilities and their affiliates may make joint purchases of goods and services, but not those associated with the traditional utility merchant function. For purpose of these Rules, to the extent that a utility is engaged in the marketing of the commodity of electricity or natural gas to customers, as opposed to the marketing of transmission and distribution services, it is engaging in merchant functions. Examples of permissible joint purchases include joint purchases of office supplies and telephone services. Examples of joint purchases not permitted include gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, systems operations, and marketing. The utility must insure that all joint purchases are priced, reported, and conducted in a manner that permits clear identification of the utility and affiliate portions of such purchases, and in accordance with applicable Commission allocation and reporting rules.*

## **Procedures and Mechanisms for Ensuring Compliance**

The utilities' Supply Management Department procures products and services (other than those associated with the traditional merchant function) as a Rule V.E shared service for SoCalGas, SDG&E, and affiliates. Resolution G-3238 stated that Rule V.D forbids the joint purchase of "pipe and equipment" by utilities and affiliates because it is "more closely associated with the 'traditional utility merchant function'" (*mimeo* at 31). Supply Management trains its contracting agents that they may not jointly procure goods and services associated with the traditional merchant function.

### ***V.E. Corporate Support***

*As a general principle, a utility, its parent holding company, or a separate affiliate created solely to perform corporate support services may share with its affiliates joint corporate oversight, governance, support systems and personnel, as further specified below. Any shared support shall be priced, reported and conducted in accordance with the Separation and Information Standards set forth herein, as well as other applicable Commission pricing and reporting requirements.*

*As a general principle, such joint utilization shall not allow or provide a means for the transfer of confidential information from the utility to the affiliate, create the opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-subsidization of affiliates. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of the specific mechanisms and procedures in place to ensure the utility follows the mandates of this paragraph, and to ensure the utility is not utilizing joint corporate support services as a conduit to circumvent these Rules.*

*Examples of services that may be shared include: payroll, taxes, shareholder services, insurance, financial reporting, financial planning and analysis, corporate accounting, corporate security, human resources (compensation, benefits, employment policies), employee records, regulatory affairs, lobbying, legal, and pension management. However, if a utility and its parent holding company share any key officers after 180 days following the effective date of the decision adopting these Rule modifications, then the following services shall no longer be shared: regulatory affairs, lobbying, and all legal services except those necessary to the*

*provision of shared services still authorized. For purposes of this Rule, key officers are the Chair of the entire corporate enterprise, the President at the utility and at its holding company parent, the chief executive officer at each, the chief financial officer at each, and the chief regulatory officer at each, or in each case, any and all officers whose responsibilities are the functional equivalent of the foregoing.*

*Examples of services that may not be shared include: employee recruiting, engineering, hedging and financial derivatives and arbitrage services, gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, system operations, and marketing. However, if a utility and its parent holding company share any key officers (as defined in the preceding paragraph) after 180 days following the effective date of the decision adopting these Rule modifications, then the following services shall no longer be shared: regulatory affairs, lobbying, and all legal services except those necessary to the provision of shared services still authorized.*

### **Procedures and Mechanisms for Ensuring Compliance**

Officer Verifications for SoCalGas and Sempra Energy are included in Appendix 1. These verifications attest to the adequacy of the mechanisms and procedures in place to ensure that SoCalGas follows the Rules, and that SoCalGas is not utilizing joint corporate support services as a conduit to circumvent the Rules.

As of June 12, 2007, 180 days following the effective date of the decision adopting these Rule modifications, and through the filing date of this Plan, SoCalGas and Sempra Energy do not share any key officers as defined in this Rule. Each of the key officer positions at SoCalGas and Sempra Energy are held by different individuals. Therefore, the following shared services may continue to be shared: regulatory affairs, lobbying, and all legal services.

Allowable Rule V.E shared services are listed below and described in detail in Appendix 2. Shared services that are currently shared with affiliates are charged to affiliates via an allocation at month-end. Allowable shared services that are not currently shared will be direct-charged to affiliates on an as-needed basis.

Most of the shared services described in Appendix 2 have been recognized by the CPUC as permissible under Rule V.E, and all of these services meet Rule V.E's standards. The CPUC acknowledged in D.98-08-035 that the list of permissible shared services presented in Rule V.E was not exhaustive -- the CPUC now expressly recognizes communications and public affairs as permissible shared services as long as these services do not become conduits to circumvent the Rules. Sempra Energy has established anti-conduit procedures to ensure that Rule V.E shared services do not become a means to circumvent the Rules.

SoCalGas understands Rule V.E's prohibition on shared "hedging and financial derivatives and arbitrage services," to apply to hedging electric and natural gas commodities and not to the use of hedging and financial derivatives in support of SoCalGas' long term financings. The Sempra Energy Treasurer and Finance shared service departments listed below may assist SoCalGas with planning and arranging hedging and financial derivative use in support of SoCalGas' long-term financing plan.

Rule V.E explicitly recognizes that oversight and governance are permissible shared services. In this Plan, SoCalGas presents considerable detail about how this function has been implemented consistent with the Rules and the anti-conduit measures set forth in Rule V.E.

There need not be any conflict between oversight and governance responsibilities of officers and directors, on the one hand, and compliance with the Rules on the other. The procedures put forth in this Plan are designed to harmonize these objectives without compromising compliance with the Rules. The board of directors and officers of SoCalGas and Sempra Energy must be confident that effective oversight and governance procedures are in place to enable the directors to discharge their legal obligations and fiduciary responsibilities as representatives of the shareholders. Directors have a duty to make informed judgments, question officers, and avail themselves of all material information reasonably available. Officers are regularly requested to gather material information and they must observe a high duty of care in discharging their delegated responsibilities. Appendix 3 provides a listing of meetings held to facilitate these oversight and governance objectives.



Properly structuring the shared services to ensure separation between the utilities and energy affiliates is a significant step in ensuring compliance with the Rules, but the utilities do not rely upon structure alone. Each shared services employee must affirm their understanding of the Rules and acknowledge that they will comply with the anti-conduit procedures as part of Training. Taken together, these actions demonstrate full compliance with the requirements of Rule V.E.

**CORPORATE CENTER  
SHARED SERVICE DEPARTMENTS**

Area	Departments
<b>HUMAN RESOURCES</b>	Compensation & Benefits Corporate Diversity Affairs Corporate Security/Business Continuity Executive & Organizational Development HR Business Partner My Info Services
<b>FINANCE</b>	Audit Services Investor Relations Treasurer <ul style="list-style-type: none"> <li>■ Cash Management</li> <li>■ Finance</li> <li>■ Risk Management (<u>not</u> Energy Risk Management)</li> <li>■ Pension and Trust Investments</li> </ul> Controller & Corporate Taxes <ul style="list-style-type: none"> <li>■ Corporate Tax</li> <li>■ Financial Reporting</li> <li>■ Asst Controller – Accounting               <ul style="list-style-type: none"> <li>○ SOX Compliance</li> </ul> </li> <li>■ Asst Controller               <ul style="list-style-type: none"> <li>○ Accounting Research &amp; Policies</li> <li>○ Corporate Financial Accounting</li> </ul> </li> <li>■ Corporate Planning               <ul style="list-style-type: none"> <li>○ Corporate Bus Planning</li> <li>○ Financial Systems &amp; Reporting</li> <li>○ Financial Planning</li> </ul> </li> </ul>
<b>CORPORATE DEVELOPMENT</b>	Mergers & Acquisitions Corp Economic Analysis/Policy Development Gas Research & Analysis
<b>LEGAL</b>	Corporate Secretary Corporate Compliance Regulatory & Litigation Law Corporate & Commercial Law <ul style="list-style-type: none"> <li>• Environmental Law</li> </ul>
<b>CORPORATE OVERSIGHT &amp; GOVERNANCE</b>	Corporate Center Officers

**CORPORATE CENTER  
SHARED SERVICE DEPARTMENTS**

Area	Departments
<b>EXTERNAL RELATIONS</b>	<p>Communications &amp; Community Partnerships</p> <ul style="list-style-type: none"> <li>■ Internal Communications &amp; Corporate Events</li> <li>■ Advertising &amp; Research</li> <li>■ Public Relations</li> <li>■ Corporate Community Partnerships</li> </ul> <p>Federal &amp; State Affairs</p> <ul style="list-style-type: none"> <li>■ Federal Governmental Affairs Washington D.C.</li> <li>■ State Governmental Affairs Sacramento</li> <li>■ National Governmental Affairs - U.S.</li> <li>■ Corporate Legislative Policy</li> <li>■ Local Governmental Affairs</li> </ul> <p>Regulatory Affairs</p> <ul style="list-style-type: none"> <li>■ Corporate Regulatory Policy</li> <li>■ Regulatory Affairs</li> <li>■ FERC Relations</li> <li>■ National Legislative Policy Analysis</li> </ul> <p>International Affairs</p> <ul style="list-style-type: none"> <li>■ Public Relations-Mexico</li> <li>■ Mexico/Int Research &amp; Reg Affairs</li> <li>■ Government/Reg Affairs Mexico DF</li> <li>■ Governmental Affairs – Baja CA</li> </ul>

**UTILITY  
SHARED SERVICE DEPARTMENTS**

Area	Departments
<b>SUPPLY MANAGEMENT &amp; FLEET SERVICES</b>	Supply Management Diverse Business Enterprises Fleet Services
<b>ENVIRONMENTAL, SAFETY &amp; FACILITIES</b>	Facility Operations Environmental Services Safety & Emergency Services Business Planning & Budgets Real Estate & Land Services
<b>INFORMATION TECHNOLOGY</b>	Network & Communication Services Infrastructure Engineering & Operations Utility Operations & Shared Systems (UOSS) <ul style="list-style-type: none"> <li>▪ Supply Chain &amp; Logistic</li> <li>▪ Corporate Systems;</li> <li>▪ SAP A&amp;F Systems &amp; Security</li> <li>▪ Produce &amp; Procure Systems</li> <li>▪ UOSS Project Office <ul style="list-style-type: none"> <li>○ SAP Projects</li> </ul> </li> </ul> Business Planning & Budgets Client Services & Enterprise Support
<b>REGULATORY</b>	FERC & CAISO Regulatory Affairs Regulatory Affairs (SF) California Regulatory Affairs Regulatory Policy & Analysis
<b>EXTERNAL RELATIONS</b>	Regional Public Affairs – North and South Legislative Analysis & Policy
<b>CONTROLLER</b>	Accounting Operations Planning & Analysis <ul style="list-style-type: none"> <li>▪ Claims Management</li> <li>▪ Financial Planning – Operational;</li> <li>▪ Budgets</li> </ul> SEU Compliance Utility Accounting Financial Systems
<b>HUMAN RESOURCES</b>	Business Partners HR Services & Analysis Labor Relations Organizational Effectiveness Staffing Workforce Readiness

## ***V.F. Corporate Identification and Advertising***

*V.F.1. A utility shall not trade upon, promote, or advertise its affiliate's affiliation with the utility, nor allow the utility name or logo to be used by the affiliate or in any material circulated by the affiliate, unless it discloses in plain legible or audible language, on the first page or at the first point where the utility name or logo appears that:*

*V.F.1.a. the affiliate “is not the same company as [i.e. PG&E, Edison, the Gas Company, etc.], the utility”;*

*V.F.1.b. the affiliate is not regulated by the California Public Utilities Commission; and*

*V.F.1.c. “you do not have to buy [the affiliate’s] products in order to continue to receive quality regulated services from the utility.”*

*The application of the name/logo disclaimer is limited to the use of the name or logo in California.*

## **Procedures and Mechanisms for Ensuring Compliance**

If SoCalGas mentions the name of an affiliate in its materials, SoCalGas will disclose the required disclaimer language as prescribed by the Rules.

Affiliates that mention SoCalGas in their materials or affiliates whose name includes the word “Sempra” are required to use the following disclaimer on materials circulated in California in accordance with D.02-02-046:

**Affiliates will use...**

*[The affiliate] is not the same company as the utility, SoCalGas, and [the affiliate] is not regulated by the California Public Utilities Commission.<sup>6</sup>*

**Disclaimer exceptions:**

D.98-11-027 provided that the disclaimer requirement does not apply in certain limited instances as follows:

1. Communications with governmental bodies, where the parties involved either know, or should have reason to know, the legal status and interrelationship of the utility and affiliates, and the communications are not related to product sales. This is interpreted to include: (i) communications with governmental entities in legal or regulatory proceedings, written communications with governmental bodies regarding actual or proposed legislation, and written communications to federal, state or municipal agencies which relate to an agency requirement or power (other than the power of the agency to buy products and services); (ii) legal documents, such as contracts and real property instruments; and (iii) communications with security holders and other members of the investment community, where, in each of the foregoing instances, the parties involved either know, or should have reason to know, the legal status and interrelationship of the utility and affiliates;
2. Annual reports to shareholders; and
3. Internal written communications between the holding company, the utilities, and any of the affiliates, provided that the internal communications are not also sent to third parties outside of the company.

In D.99-04-069, the Commission approved limited exemptions from the disclaimer requirement with regard to:

1. Building signage;
2. Company vehicles;
3. Employee uniforms; and
4. Installed equipment on customer premises.

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<sup>6</sup> The joint venture between Royal Bank of Scotland and Sempra Commodities in April 2008, created a new legal entity - RBS Sempra Commodities, LLP. This new entity will be using a new branding name - RBS Sempra Commodities. This new branding name and logo will appear on such collateral as the business cards of all underlying entities, both covered and not covered by the Affiliate Transactions Rules. Only those entities identified as "covered affiliates" per Rule II.B will continue to require the disclaimer statement. Currently, those covered entities are Sempra Energy Trading and Sempra Energy Solutions. At some point in 2008 these two entities will legally change their names to RBS Sempra Commodities, LLC and RBS Sempra Energy Solutions, LLC. This change will be reported to the CPUC as required.

***Disclaimer position and size:***

When the disclaimer is required, it will appear either on the first page of the communication, or at the first point that the utility name or logo appears. In accordance with the requirements set forth in D.98-11-027, the disclaimer will be sized and displayed commensurate with the “signature” (i.e., the logo or name identification), so that the disclaimer is no smaller than the larger of: (a) ½ the size of the type which first displays the name or logo, or (b) 6-point type, and is positioned so that the reader will naturally focus on the disclaimer as easily as the “signature.”

***Press Releases:***

Sempra Energy, SoCalGas, and its affiliates include the appropriate disclaimer on press releases or educational information provided to the public whenever the requirement is triggered by one of the following: (1) mention of an affiliate whose name includes the word “Sempra;” or (2) mention of SoCalGas and an affiliate within the same press release or educational information. However, providing general information about Sempra Energy and its business projects without mentioning an affiliate, does not trigger the use of the disclaimer. The removal of such disclaimer by the press at publication is not considered a violation.

***Internet:***

The appropriate disclaimer appears at the bottom of the home pages of the Sempra.com and applicable Sempra Global web sites just below the page “frame.” It is understood that the disclaimer’s placement on the home page of each site indicates that the disclaimer covers the entire site. Additionally, documents posted on these web sites that mention the utility and an affiliate will include the disclaimer.

***Business Cards:***

Due to the length of the disclaimer, business cards will include the full disclaimer on the back, and a summary disclaimer on the front. The summary reads: “*The California Public Utilities Commission does not regulate this company (see back).*”

***Promotional Items:***

When an item’s small size or irregular shape (e.g., golf balls, golf tees, caps) does not facilitate printing an appropriately sized disclaimer on its face, the disclaimer will be printed either on a label on the item or on the packaging materials, and positioned so that the statement is visible to the prospective customer before or at the same time the name or logo becomes visible.

*V.F.2. A utility, through action or words, shall not represent that, as a result of the affiliate’s affiliation with the utility, its affiliates will receive any different treatment than other service providers.*

**Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will neither claim to represent an affiliate, nor provide preferential treatment to its affiliates or its affiliates’ customers.

*V.F.3. A utility shall not offer or provide to its affiliates advertising space in utility billing envelopes or any other form of utility customer written communication unless it provides access to all other unaffiliated service providers on the same terms and conditions.*

**Procedures and Mechanisms for Ensuring Compliance**

Billing envelope space or advertising space in other written communications, if offered to affiliates, will be made available to all competitors on a nondiscriminatory basis.

*V.F.4. A utility shall not participate in joint advertising or joint marketing with its affiliates. This prohibition means that utilities may not engage in activities which include, but are not limited to the following:*



*V.F.4.a. A utility shall not participate with its affiliates in joint sales calls, through joint call centers or otherwise, or joint proposals (including responses to requests for proposals (“RFPs”)) to existing or potential customers. At a customer’s unsolicited request, a utility may participate, on a nondiscriminatory basis, in non-sales meetings with its affiliates or any other market participant to discuss technical or operational subjects regarding the utility’s provision of transportation service to the customer;*

### **Procedures and Mechanisms for Ensuring Compliance**

Training emphasizes that utility employees must not raise marketing issues in any customer technical meetings conducted in conjunction with any affiliate. Should marketing issues be raised at any such meeting, employees must excuse themselves from the meeting.

SoCalGas employees will not participate in the marketing aspect of any such meeting.

*V.F.4.b. Except as otherwise provided for by these Rules, a utility shall not participate in any joint activity with its affiliates. The term “joint activities” includes, but is not limited to, advertising, sales, marketing, communications and correspondence with any existing or potential customer;*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas interprets this Rule as permitting separately purchased advertisements and communications by the utility and affiliates in a publication or at a facility where communications are also solicited and accepted from non-affiliated parties. For instance, advertising may be separately purchased by SoCalGas and an affiliate in the same magazine or broadcast program as long as SoCalGas and the affiliate are not the only advertisers in that magazine or broadcast program.

Additionally, a shared services group, such as Advertising & Research, may jointly purchase advertising time and space for the entire organization. These costs are directly allocated to the affiliate using the advertising time or space to prevent cross-subsidization.

Sempra Energy may mention Sempra Energy and SoCalGas **or** Sempra Energy and affiliates in its advertising to inform and educate various audiences on Sempra Energy's businesses and operations. No single advertisement will contain mention of both SoCalGas and its affiliates.

Separate utility and affiliate sponsorship at a community/charitable event or industry conference is interpreted to be in compliance with the Rules if additional sponsors are also represented. These types of events are not considered "marketing" in nature. Frequently, the events entail the presence of employees, customers and elected officials. These sponsorships involve the opportunity for signage, listing in the event program, recognition from the podium, table recognition, etc. Separation between utility and affiliate employees is maintained.

*V.F.4.c. A utility shall not participate with its affiliates in trade shows, conferences, or other information or marketing events held in California.*

### **Procedures and Mechanisms for Ensuring Compliance**

Trade show exhibits at the same event are understood to be permissible as long as a booth, table, exhibit or advertisement sponsored by SoCalGas will not be contiguous with any such exhibits sponsored by an affiliate. In no case will the affiliate's affiliation with SoCalGas be promoted. SoCalGas promotional events within California that are open to all competitors on a nondiscriminatory basis will also be open to affiliates.

Participation by both utility and affiliate employees at non-industry conferences, such as accounting or legal professional conferences is interpreted to be in compliance with the Rules. These types of events are not considered "marketing" in nature.

Similarly, participation by both utility and affiliate employees in community service or charitable events that are open to the public, such as community clean-up events or charity walks is interpreted to be in compliance with the Rules, as these events are also not considered “marketing” in nature.

*V.F.5. A utility shall not share or subsidize costs, fees, or payments with its affiliates associated with research and development activities or investment in advanced technology research.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas does not share R&D activities with its affiliates, or subsidize costs, fees or payments with affiliates for such activities or investment. This does not apply to affiliates that are formed as part of CPUC-funded utility R&D program activities.

### ***V.G. Employees***

*Except as permitted in Rule V E (corporate support), a utility and its affiliates shall not jointly employ the same employees. This Rule prohibiting joint employees also applies to Board Directors and corporate officers, except for the following circumstances: In instances when this Rule is applicable to holding companies, any board member or corporate officer may serve on the holding company and with either the utility or affiliate (but not both) to the extent consistent with Rule V E (corporate support). Where the utility is a multi-state utility, is not a member of a holding company structure, and assumes the corporate governance functions for the affiliates, the prohibition against any board member or corporate officer of the utility also serving as a board member or corporate officer of an affiliate shall only apply to affiliates that operate within California. In the case of shared directors and officers, a corporate officer from the utility and holding company shall describe and verify in the utility’s compliance plan required by Rule VI the adequacy of the specific mechanisms and procedures in place to ensure that the utility is not utilizing shared officers and directors as a conduit to circumvent any of these Rules. In its compliance plan, the utility shall list all shared directors and officers between the utility and affiliates. No later than 30 days following a change to this list, the utility shall notify*

*the Commission's Energy Division and the parties on the service list of R.97-04-011/I.97-04-012 of any change to this list.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas interprets Rule V.G to apply to employees of SoCalGas, and not to consultants/contractors or employees of temporary third-party agencies. SoCalGas includes an anti-conduit provision in all contracting templates to address consultants/contractors or temporary agency personnel, who perform work for both the utility and its affiliates.

Consistent with the exemptions permitted for shared officers, the positions of General Counsel, Secretary/Assistant Secretary, CFO, Controller, and Treasurer may be shared among Sempra Energy, SoCalGas, and affiliates.

At present, Randall L. Clark is the Corporate Secretary and Assistant General Counsel of Sempra Energy. He is Assistant Secretary of SDG&E and SoCalGas.

Mark A. Snell is a member of the SoCalGas Board of Directors, Executive VP and CFO of Sempra Energy as well as a shared officer or director of several affiliates.

Jennifer F. Jett is Assistant Secretary of Sempra Energy and Assistant Secretary of several other affiliates. She is also Secretary of SDG&E and SoCalGas.

SoCalGas has anti-conduit procedures in place to ensure that these officers and board members are not used as a conduit to circumvent these Rules. SoCalGas will notify the CPUC's Energy Division and the parties on the service list of R.97-04-011/I.97-04-012 no later than 30 days following any change to directors and officers shared between SoCalGas and affiliates.

Sempra Energy's senior management continues to conduct meetings to maintain adequate oversight of the entire enterprise, while preserving business unit autonomy and

accountability. Employees refrain from discussing matters that would be inconsistent with the Rules, such as operational matters and customer-specific information. A listing of these corporate oversight and governance meetings is included in Appendix 3.

Periodically, a meeting is held with the leadership team (director level and above employees) from all of Sempra Energy's business units. These meetings permit high-level discussions regarding publicly available financial information, corporate strategy and business-unit specific information. Non-public information is not exchanged unless it is made available to other third parties (i.e., posted).

At the start of these meetings, participants are reminded by an officer that the meeting will be conducted in accordance with state and federal affiliate compliance rules during all aspects of the meeting, both business and social, and the Affiliate Rules Information Sharing Guidelines are provided to participants. A member of the affiliate compliance team reviews the agenda and presentation materials prior to the meetings and presentation content is reviewed with individual or group presenters, if warranted, and monitored throughout the meeting by Affiliate Compliance personnel.

In addition, periodic informal gatherings are held at each Sempra Energy business unit to keep employees abreast of significant initiatives throughout the Company. These meetings address information that is in the public domain, yet package the information in a condensed format. While non-public information is not revealed, participants are reminded to not discuss company specific, non-public information while in attendance.

*V.G.2. All employee movement between a utility and its affiliates shall be consistent with the following provisions:*

*V.G.2.a. A utility shall track and report to the Commission all employee movement between the utility and affiliates. The utility shall report this information annually pursuant to our Affiliate Transaction Reporting Decision, D93-02-016, 48 CPUC 2d 163, 171-172 and 180 (Appendix A, Section I and Section II H.).*

*V.G.2.b. Once an employee of a utility becomes an employee of an affiliate, the employee may not return to the utility for a period of one year. This Rule is inapplicable if the affiliate to which the employee transfers goes out of business during the one-year period. In the event that such employee returns to the utility, such employee cannot be retransferred, reassigned, or otherwise employed by the affiliate for a period of two years. Employees transferring from the utility to the affiliate are expressly prohibited from using information gained from the utility in a discriminatory or exclusive fashion, to the benefit of the affiliate or to the detriment of other unaffiliated service providers.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas tracks all employees who transfer between SoCalGas and its affiliates and reports this information annually to the Commission in its Affiliate Transactions Report.

SoCalGas complies with Rule V.G.2.b's "residency" requirements. SoCalGas understands that when an affiliate "goes out of business" under this Rule, this includes job losses resulting from reorganizations and downsizing.

*V.G.2.c. When an employee of a utility is transferred, assigned, or otherwise employed by the affiliate, the affiliate shall make a one-time payment to the utility in an amount equivalent to 25% of the employee's base annual compensation, unless the utility can demonstrate that some lesser percentage (equal to at least 15%) is appropriate for the class of employee included. In the limited case where a rank-and-file (non-executive) employee's position is eliminated as a result of electric industry restructuring, a utility may demonstrate that no fee or a lesser percentage than 15% is appropriate. All such fees paid to the utility shall be accounted for in a separate memorandum account to track them for future*

*ratemaking treatment (i.e. credited to the Electric Revenue Adjustment Account or the Core and Non-core Gas Fixed Cost Accounts, or other ratemaking treatment, as appropriate), on an annual basis, or as otherwise necessary to ensure that the utility's ratepayers receive the fees. This transfer payment provision will not apply to clerical workers. Nor will it apply to the initial transfer of employees to the utility's holding company to perform corporate support functions or to a separate affiliate performing corporate support functions, provided that the transfer is made during the initial implementation period of these rules or pursuant to a §851 application or other Commission proceeding. However, the rule will apply to any subsequent transfers or assignments between a utility and its affiliates of all covered employees at a later time.*

*V.G.2.d. Any utility employee hired by an affiliate shall not remove or otherwise provide information to the affiliate which the affiliate would otherwise be precluded from having pursuant to these Rules.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas tracks all employee movement between the utility and affiliates and monitors that transfer fees are paid in accordance with this Rule. SoCalGas has established a distinct account for recording all transfer fees pursuant to Rule V.G.2.c.

SoCalGas conducts exit interviews with all employees that transfer from SoCalGas to an affiliate. During the exit interview, employees are required to sign a statement acknowledging that they will not use certain information gained at the utility to benefit the affiliate. In addition to the exit interview, an "asset inventory" is conducted to review material that the employee requests to take to the affiliate. SoCalGas retains the assets that may not be transferred pursuant to the Rules. Assets permitted to be transferred are priced pursuant to the Rules.

The SoCalGas Human Resources Department is responsible for ensuring that exit interviews and related asset inventories take place and are documented. Transferring employees are provided a copy of these documents and a verbatim copy of Rule V.G. A description of this process is included in the Affiliate Compliance Guidelines.

*V.G.2.e. A utility shall not make temporary or intermittent assignments, or rotations to its energy marketing affiliates. Utility employees not involved in marketing may be used on a temporary basis (less than 30% of an employee's chargeable time in any calendar year) by affiliates not engaged in energy marketing only if:*

*V.G.2.e.i. All such use is documented, priced and reported in accordance with these Rules and existing Commission reporting requirements, except that when the affiliate obtains the services of a non-executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 10% of direct labor cost, or fair market values. When the affiliate obtains the services of an executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 15% of direct labor cost, or fair market value.*

*V.G.2.e.ii. Utility needs for utility employees always take priority over any affiliate requests;*

*V.G.2.e.iii. No more than 5% of full time equivalent utility employees may be on loan at a given time;*

*V.G.2.e.iv. Utility employees agree, in writing, that they will abide by these Affiliate Transaction Rules; and*



*V.G.2.e.v. Affiliate use of utility employees must be conducted pursuant to a written agreement approved by appropriate utility and affiliate officers.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas complies with this Rule when loaning employees on a temporary basis to affiliates not engaged in energy marketing.

SoCalGas does not make temporary or intermittent assignments or rotations to its energy marketing affiliates. SoCalGas maintains a list of its “energy marketing affiliates” on the ACD’s intranet web site and SoCalGas’ Internet website at <[www.socalgas.com](http://www.socalgas.com)>.

SoCalGas defines a “marketing employee” as: any utility employee in a marketing, customer service or account management section, who is actively engaged in marketing functions. This includes employees selling (approaching, presenting, or closing sales), developing marketing programs and services, non-technical consultative services regarding new utility products & services, market research, prospecting for new customers, or growing business with existing customers.

The SoCalGas Human Resources Department will make a preliminary assessment as to what constitutes a marketing employee in accordance with this definition, with final approval from the Vice President of Customer Services, the Vice President of Customer Programs and/or the Vice President of Customer Operations, if necessary.

### ***V. H. Transfer of Goods and Services***

*To the extent that these Rules do not prohibit transfers of goods and services between a utility and its affiliates, and except for as provided by Rule V.G.2.e., all such transfers shall be subject to the following pricing provisions:*

1. *Transfers from the utility to its affiliates of goods and services produced, purchased or developed for sale on the open market by the utility will be priced at fair market value.*
2. *Transfers from an affiliate to the utility of goods and services produced, purchased or developed for sale on the open market by the affiliate shall be priced at no more than fair market value.*
3. *For goods or services for which the price is regulated by a state or federal agency, that price shall be deemed to be the fair market value, except that in cases where more than one state commission regulated the price of goods or services, this Commission's pricing provisions govern.*
4. *Goods and services produced, purchased or developed for sale on the open market by the utility will be provided to its affiliates and unaffiliated companies on a nondiscriminatory basis, except as otherwise required or permitted by these Rules or applicable law.*
5. *Transfers from the utility to its affiliates of goods and services not produced, purchased or developed for sale by the utility will be priced at fully loaded cost plus 5% of direct labor cost.*
6. *Transfers from an affiliate to the utility of goods and services not produced, purchased or developed for sale by the affiliate will be priced at the lower of fully loaded cost or fair market value.*

### **Procedures and Mechanisms for Ensuring Compliance**

When the transfer of services involves the temporary loaning of utility employees (Rule V.G.2.e.i), SoCalGas understands Rule V.H.5 as follows:

- Transfers from SoCalGas to affiliates will be priced at fully-loaded cost plus 10% (non-executives) or 15% (executives) of fully loaded direct labor costs;
- Transfers from SoCalGas to the parent company and non-covered affiliates will be priced at fully loaded cost plus a 5% premium on fully loaded direct labor charges per the Merger Decision (D.98-03-073).

**VI.**  
**REGULATORY OVERSIGHT**

**VI.A. Compliance Plans**

*No later than June 30, 2007, each utility shall file a compliance plan by advice letter with the Energy Division of the Commission. The compliance plan shall include:*

- 1. A list of all affiliates of the utility, as defined in Rule I A of these Rules, and for each affiliate, its purpose or activities, and whether the utility claims that Rule II.B makes these Rules applicable to the affiliate;*
- 2. A demonstration of the procedures in place to assure compliance with these Rules.*

*The utility's compliance plan shall be in effect between the filing and a Commission determination of the advice letter. A utility shall file a compliance plan annually thereafter by advice letter where there is some change in the compliance plan (i.e., where there has been a change in the purpose or activities of an affiliate, a new affiliate has been created, or the utility has changed the compliance plan for any other reason).*

**Procedures and Mechanisms for Ensuring Compliance**

This Plan represents SoCalGas' compliance with this Rule. Appendix 4 to this Plan provides a listing of SoCalGas' covered and non-covered affiliates, as of June 1, 2008, as required by this Rule.

**VI.B. New Affiliate Compliance Plans**

*Upon the creation of a new affiliate, the utility shall immediately notify the Commission of the creation of the new affiliate, as well as posting notice on its electronic bulletin board. No later than 60 days after the creation of this affiliate, the utility shall file an advice letter with the Energy Division of the Commission. The advice letter shall state the affiliate's purpose or activities, whether the utility claims that Rule II B makes these Rules applicable to the affiliate, and shall include a demonstration to the Commission that there are adequate procedures in place that will ensure compliance with these Rules.*

## **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will comply with this Rule as new covered and non-covered affiliates are created. Within two business days of notification to SoCalGas, SoCalGas will notify the CPUC of: (1) any newly formed U.S. domestic covered or non-covered affiliate; or (2) the confirmation of registration with foreign governmental authorities for covered or non-covered affiliates located outside the U.S.; and then post this information on its Internet web-site.

SoCalGas will file an advice letter with the Energy Division within 60 days of the creation of: (1) any new U.S. domestic covered or non-covered affiliate; or (2) the confirmation of registration with foreign governmental authorities for covered or non-covered affiliates located outside the U.S. The advice letter will provide the information required by this Rule for the new covered or non-covered affiliate.

The ACD will conduct an annual review of all affiliate business descriptions to assess each affiliate's designation as "non-covered," "covered," and/or "energy marketing." Under this process, the ACD will provide each affiliate's business description to designated affiliate contact personnel to confirm whether the business description remains applicable or whether it has changed. Based upon these responses, the ACD will evaluate whether an affiliate should be reclassified, and then notify the CPUC in accordance with this Rule.

The list of affiliate companies is located on SoCalGas' Internet home page at <[www.socalgas.com](http://www.socalgas.com)>. It is accessed by selecting the "**Regulatory**" link, then selecting the "**Affiliate Transactions**" link, and then scrolling to the bottom of the page, where the "**List of SoCalGas' Affiliates**" category is found.

### ***VI.C. Affiliate Audit***

*The Commission's Energy Division shall have audits performed biennially by independent auditors. The audits shall cover the last two calendar years which end on December 31, and shall verify that the utility is in compliance with the Rules set forth herein. The Energy*

*Division shall post the audit reports on the Commissioner's web site. The audits shall be at shareholder expense.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will comply with Rule VI.C's requirements upon notification from the Commission's Energy Division of commencement for the audit. The cost of the audits has been and will continue to be charged to shareholders. The last audit conducted, covering the calendar year 2006, was completed and filed on April 27, 2007 with the CPUC.

#### ***VI.D. Witness Availability***

*Affiliate officers and employees shall be made available to testify before the Commission as necessary or required, without subpoena, consistent with the provisions of Public Utilities Code Sections 314 and 701, the conditions in the Commission's orders authorizing the utilities' holding companies and/or mergers and these Rules.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas and its affiliates will comply with Code Sections 314 and 701.

#### ***VI.E. Officer Certification***

*No later than March 31 of each year, the key officers of a utility and its parent holding company, as defined in Rule V E (corporate support), shall certify to the Energy Division of the Commission in writing under penalty of perjury that each has personally complied with these Rules during the prior calendar year. The certification shall state:*

*I, [name], hold the office of [title] at [name of utility or holding company], and occupied this position from January 1, [year] to December 31, [year].*

*I hereby certify that I have reviewed the Affiliate Transaction Rules Applicable to Large California Energy Utilities of the California Public Utilities Commission and I am familiar with the provisions therein. I further certify that for the above period, I followed these Rules and am not aware of any violations of them, other than the following: [list or state "none"].*

*I swear/affirm these representations under penalty of perjury of the laws of the State of California.*

\_\_\_\_\_ [Signature]

Executed at \_\_\_\_\_ [City], County of \_\_\_\_\_, on \_\_\_\_\_ [Date]

### **Procedures and Mechanisms for Ensuring Compliance**

On March 28, 2008, the key officers of SoCalGas and Sempra Energy, as defined in Rule V.E, filed written certifications with the Energy Division of the Commission. The certifications included the following clarification:

“This certificate is based upon information and belief and does not include violations, if any, already reported to the Commission and/or publicly posted during the reporting period consistent with the utilities’ CPUC affiliate compliance plans. This certificate also excludes audits or investigations, if any, still in progress at the end of the reporting period. If violations are ultimately found, they will be posted and/or reported consistent with the utilities’ CPUC affiliate compliance plans.”

SoCalGas will continue to comply with this requirement no later than March 31 of each year.

## **VII**

### **UTILITY PRODUCTS AND SERVICES**

#### ***VII.A. General Rule***

*Except as provided for in these Rules, new products and services shall be offered through affiliates.*

#### ***VII.B. Definitions***

*The following definitions apply for the purposes of Rule VII:*

*VII.B.1. “Category” refers to a factually similar group of products and services that use the same type of utility assets or capacity. For example, “leases of land under utility transmission lines” or “use of a utility repair shop for third party equipment repair” would each constitute a separate product or service category.*

VII.B.2. *“Existing” products and services are those which a utility is offering on the effective date of these Rules.*

VII.B.3. *“Products” include use of property, both real and intellectual, other than those uses authorized under General Order 69-C.*

VII.B.4. *“Tariff” or “tariffed” refers to rates, terms and conditions of services as approved by this Commission or the Federal Energy Regulatory Commission (FERC), whether by traditional tariff, approved contract or other such approval process as the Commission or the FERC may deem appropriate.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas’ nontariffed products and services meet the criteria set forth in Rules VII.A and B.

### **VII.C. Utility Products and Services**

*Except as provided in these Rules, a utility shall not offer nontariffed products and services. In no event shall a utility offer natural gas or electricity commodity service on a nontariffed basis. A utility may only offer for sale the following products and services:*

VII.C.1 *Existing products and services offered by the utility pursuant to tariff;*

VII.C.2 *Unbundled versions of existing utility products and services, with the unbundled versions being offered on a tariffed basis;*

VII.C.3 *New products and services that are offered on a tariffed basis; and*

VII.C.4 *Products and services which are offered on a nontariffed basis and which meet the following conditions:*

- VII.C.4.a. the nontariffed product or service utilizes a portion of a utility asset or capacity;*
- VII.C.4.b. such asset or capacity has been acquired for the purpose of and is necessary and useful in providing tariffed utility services;*
- VII.C.4.c. the involved portion of such asset or capacity may be used to offer the product or service on a nontariffed basis without adversely affecting the cost, quality or reliability of tariffed utility products and services;*
- VII.C.4.d. the products and services can be marketed with minimal or no incremental ratepayer capital, minimal or no new forms of liability or business risk being incurred by utility ratepayers, and no undue diversion of utility management attention; and*
- VII.C.4.e. the utility's offering of such nontariffed product or service does not violate any law, regulation, or Commission policy regarding anticompetitive practices.*

### **Procedures and Mechanisms for Ensuring Compliance**

Nontariffed products and services offered by SoCalGas meet the criteria set forth in Rule VII.C.

### ***VII.D. Conditions Precedent to Offering New Products and Services***

*This Rule does not represent an endorsement by the Commission of any particular nontariffed utility product or service. A utility may offer new nontariffed products and services only if the Commission has adopted and the utility has established:*

- VII.D.1. A mechanism or accounting standard for allocating costs to each new product or service to prevent cross-subsidization between services a utility would continue to provide on a tariffed basis and those it would provide on a nontariffed basis;*



*VII.D.2. A reasonable mechanism for treatment of benefits and revenues derived from offering such products and services, except that in the event the Commission has already approved a performance-based ratemaking mechanism for the utility and the utility seeks a different sharing mechanism, the utility should petition to modify the performance-based ratemaking decision if it wishes to alter the sharing mechanism, or clearly justify why this procedure is inappropriate, rather than doing so by application or other vehicle.*

*VII.D.3. Periodic reporting requirements regarding pertinent information related to nontariffed products and services; and*

*VII.D.4. Periodic auditing of the costs allocated to and the revenues derived from nontariffed products and services.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas has accounting procedures and standards in place that track costs and revenues of each product and service and prevent cross-subsidization between tariffed and nontariffed services. A report of nontariffed products and services, covering the prior year, is filed annually with the CPUC no later than June. Periodic internal audits of the reported year, for the costs allocated to and revenues derived from nontariffed products and services are performed by the Sempra Energy Audit Services department.

#### ***VII.E. Requirement to File an Advice Letter***

*Prior to offering a new category of nontariffed products or services as set forth in Rule VII.C above, a utility shall file an advice letter in compliance with the following provisions of this paragraph.*

*VII.E.1. The advice letter shall:*

*VII.E.1.a. demonstrate compliance with these rules;*

*VII.E.1.b. address the amount of utility assets dedicated to the non-utility venture, in order to ensure that a given product or service does not threaten the provision of utility service, and show that the new product or service will not result in a degradation of cost, quality, or reliability of tariffed goods and services;*

*VII.E.1.c. address the potential impact of the new product or service on competition in the relevant market, including but not limited to the degree in which the relevant market is already competitive in nature and the degree to which the new category of products or services is projected to affect that market.*

*VII.E.1.d. be served on the service list of Rulemaking 97-04-011/Investigation 97-04-012, as well as on any other party appropriately designated by the rules governing the Commission's advice letter process.*

*VII.E.2. For categories of nontariffed products or services targeted and offered to less than 1% of the number of customers in the utility's customer base, in the absence of a protest alleging non-compliance with these Rules or any law, regulation, decision, or Commission policy, or allegations of harm, the utility may commence offering the product or service 30 days after submission of the advice letter. For categories of nontariffed products or services targeted and offered to 1% or more of the number of customers in the utility's customer base, the utility may commence offering the product or service after the Commission approves the advice letter through the normal advice letter process.*

*VII.E.3. A protest of an advice letter filed in accordance with this paragraph shall include:*

*VII.E.3.a. An explanation of the specific Rules, or any law, regulation, decision, or Commission policy the utility will allegedly violate by offering the proposed product or service, with reasonable factual detail; or*

*VII.E.3.b. An explanation of the specific harm the protestant will allegedly suffer.*

*VII.E.4. If such a protest is filed, the utility may file a motion to dismiss the protest within 5 working days if it believes the protestant has failed to provide the minimum grounds for protest required above. The protestant has 5 working days to respond to the motion.*

*VII.E.5. The intention of the Commission is to make its best reasonable efforts to rule on such a motion to dismiss promptly. Absent a ruling granting a motion to dismiss, the utility shall begin offering that category of products and services only after Commission approval through the normal advice letter process.*

### **Procedures and Mechanisms for Ensuring Compliance**

If SoCalGas considers a new category of nontariffed product and service, it will file an advice letter with the provisions described in Rule VII.E.

### ***VII.F. Existing Offerings***

*Unless and until further Commission order to the contrary as a result of the advice letter filing or otherwise, a utility that is offering tariffed or nontariffed products and services, as of the effective date of this decision, may continue to offer such products and services, provided that the utility complies with the cost allocation and reporting requirements in this rule. No later than January 30, 1998, each utility shall submit an advice letter describing the existing products and services (both tariffed and nontariffed) currently being offered by the utility and the number of the Commission decision or advice letter approving this offering, if any, and requesting authorization or continuing authorization for the*

*utility's continued provision of this product or service in compliance with the criteria set forth in Rule VII. This requirement applies to both existing products and services explicitly approved and not explicitly approved by the Commission.*

### **Procedures and Mechanisms for Ensuring Compliance**

As required by Rule VII.F, SoCalGas submitted Advice Letter No. 2669 describing the existing products and services as of January 30, 1998.

#### ***VII.G. Section 851 Application***

*A utility must continue to comply fully with the provisions of Public Utilities Code Section 851 when necessary or useful utility property is sold, leased, assigned, mortgaged, disposed of, or otherwise encumbered as part of a nontariffed product or service offering by the utility. If an application pursuant to Section 851 is submitted, the utility need not file a separate advice letter, but shall include in the application those items which would otherwise appear in the advice letter as required in this Rule.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will continue to file Public Utilities Code Section 851 applications as required under that statute.

#### ***VII.H. Periodic Reporting of Nontariffed Products and Services***

*Any utility offering nontariffed products and services shall file periodic reports with the Commission's Energy Division twice annually for the first two years following the effective date of these Rules, then annually thereafter unless otherwise directed by the Commission. The utility shall serve periodic reports on the service list of this proceeding. The periodic reports shall contain the following information:*

*VII.H.1. A description of each existing or new category of nontariffed products and services and the authority under which it is offered;*

*VII.H.2. A description of the types and quantities of products and services contained within each category (so that, for example, "leases for agricultural nurseries at 15 sites" might be listed under the category*

*“leases of land under utility transmission lines,” although the utility would not be required to provide the details regarding each individual lease);*

*VII.H.3. The costs allocated to and revenues derived from each category; and*

*VII.H.4. Current information on the proportion of relevant utility assets used to offer each category of product and service.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will file its annual report no later than June of the year following the report year.

#### ***VII.I. Offering of Nontariffed Products and Services to Affiliates***

*Nontariffed products and services which are allowed by this Rule may be offered to utility affiliates only in compliance with all other provisions of these Affiliate Rules. Similarly, this Rule does not prohibit affiliate transactions which are otherwise allowed by all other provisions of these Affiliate Rules.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas makes nontariffed products and services available to affiliates on the same terms and conditions as offered to others.

## **VIII.**

### **COMPLAINT PROCEDURES AND REMEDIES**

#### ***VIII.A. The Commission Shall Strictly Enforce These Rules***

*Each act or failure to act by a utility in violation of these rules may be considered a separate occurrence.*

*VIII.B.1. Any person or corporation as defined in Sections 204, 205, and 206 of the California Public Utilities Code may complain to the Commission or to a utility in writing, setting forth any act or thing done or omitted to be done by any utility or affiliate in violation or claimed violation of any rule set forth in this document.*

*VIII.B.2. “Whistleblower complaints” will be accepted and the confidentiality of complainant will be maintained until conclusion of an investigation or indefinitely, if so requested by the whistleblower. When a whistleblower requests anonymity, the Commission will continue to pursue the complaint only where it has elected to convert it into a Commission-initiated investigation. Regardless of the complainant’s status, the defendant shall file a timely answer to the complaint.*

*VIII.C.1. All complaints shall be filed as formal complaints with the Commission and complainants shall provide a copy to the utility’s designated officer (as described below) on the same day that the complaint is filed.*

### **Procedures and Mechanisms for Ensuring Compliance**

No specific compliance action is required under Rules VIII.A through VIII.C.1.

*VIII.C.2. Each utility shall designate an Affiliate Compliance Manager who is responsible for compliance with these affiliate rules and the utility’s compliance plan adopted pursuant to these rules. Such officer shall also be responsible for receiving, investigating, and attempting to resolve complaints. The Affiliate Compliance Manager may, however, delegate responsibilities to other officers and employees.*

*VIII.C.2.a. The utility shall investigate and attempt to resolve the complaint. The resolution process shall include a meet-and-confer session with the complainant. A Commission staff member may, upon request by the utility or the complainant, participate in such meet-and-confer sessions and shall participate in the case of a whistleblower complaint.*

*A party filing a complaint may seek a temporary restraining order at the time the formal complaint is filed. The defendant*

*utility and other interested parties may file responses to a request for a temporary restraining order within 10 days of the filing of the request. An assigned commissioner or administrative law judge may shorten the period for responses, where appropriate. An assigned commissioner or administrative law judge, or the Commission shall act on the request for a temporary restraining order within 30 days. The request may be granted when: (1) the moving party is reasonably likely to prevail on the merits, and (2) a temporary restraining order relief is necessary to avoid irreparable injury, will not substantially harm other parties, and is consistent with the public interest.*

*A notice of temporary restraining order issued by an assigned commissioner or administrative law judge will only stay in effect until the end of the day of the next regularly-scheduled Commission meeting at which the Commission can issue a temporary restraining order or a preliminary injunction. If the Commission declines to issue a temporary restraining order or a preliminary injunction, the notice of temporary restraining order will be immediately lifted. Whether or not a temporary restraining order or a preliminary injunction is issued, the underlying complaint may still move forward.*

*VIII.C.2.b. The utility shall prepare and preserve a report on each complaint, all relevant dates, companies, customers and employees involved, and if applicable, the resolution reached, the date of the resolution and any actions taken to prevent further violations from occurring. The report shall be provided to the Commission and all parties within four weeks of the date the complaint was filed. In addition, to providing hard copies, the*

*utility shall also provide electronic copies to the Commission and to any party providing an e-mail address.*

*VIII.C.2.c. Each utility shall file annually with the Commission a report detailing the nature and status of all complaints.*

*VIII.C.2.d. The Commission may, notwithstanding any resolution reached by the utility and the complainant, convert a complaint to an investigation and determine whether the utility violated these rules, and impose any appropriate penalties under Section VIII.D or any other remedies provided by the Commission's rules or the Public Utilities Code.*

*VIII.C.3. The utility will inform the Commission's Energy Division and Consumer Services Division of the results of this dispute resolution process. If the dispute is resolved, the utility shall inform the Commission staff of the actions taken to resolve the complaint and the date the complaint was resolved.*

*VIII.C.4. If the utility and the complainant cannot reach a resolution of the complaint, the utility will so inform the Commission's Energy Division. It will also file an answer to the complaint within 30 days of the issuance by the Commission's Docket Office of instructions to answer the original complaint. Within 10 business days of notice of failure to resolve the complaint, Energy Division staff will meet and confer with the utility and the complainant and propose actions to resolve the complaint. Under the circumstances where the complainant and the utility cannot resolve the complaint, the Commission shall strive to resolve the complaint within 180 days of the date the instructions to answer are served on the utility.*

## **Procedures and Mechanisms for Ensuring Compliance**



The Affiliate Compliance Department is responsible for monitoring compliance with the Rules and SoCalGas' Plan. The Affiliate Compliance Manager is responsible for receiving, investigating, and attempting to resolve complaints. SoCalGas will follow the procedures delineated in Rule VIII.C.2 through VIII.C.4 when a complaint is received and processed for resolution.

*VIII.C.5. The Commission shall maintain on its web page a public log of all new, pending and resolved complaints. The Commission shall update the log at least once every week. The log shall specify, at a minimum, the date the complaint was received, the specific allegations contained in the complaint, the date the complaint was resolved and the manner in which it was resolved, and a description of any similar complaints, including the resolution of such similar complaints.*

### **Procedures and Mechanisms for Ensuring Compliance**

No additional compliance action is required.

*VIII.C.6.a. Prior to filing a formal complaint, a potential complainant may contact the responsible utility officer and/or the Energy Division to inform them of the possible violation of the affiliate rules. If the potential complainant seeks an informal meeting with the utility to discuss the complaint, the utility shall make reasonable efforts to arrange such a meeting. Upon mutual agreement, Energy Division staff and interested parties may attend any such meeting.*

*VIII.C.6.b. If a potential complainant makes an informal contact with a utility regarding an alleged violation of the affiliate transaction rules, the utility officer in charge of affiliate compliance shall respond in writing to the potential complainant within 15 business days. The response would state whether or not the issues raised by the potential complainant require further investigation. (The potential*

*complainant does not have to rely on the responses in deciding whether to file a formal complaint.)*

### **Procedures and Mechanisms for Ensuring Compliance**

If a potential complainant seeks an informal meeting to discuss the complaint, SoCalGas will make reasonable efforts to arrange such meeting. If informal contact with SoCalGas is made by a potential complainant, SoCalGas will respond in writing within fifteen business days.

*VIII.D.1. When enforcing these rules or any order of the Commission regarding these rules, the Commission may do any or all of the following:*

*VIII.D.1.a. Order a utility to stop doing something that violates these rules;*

*VIII.D.1.b. Prospectively limit or restrict the amount, percentage, or value of transactions entered into between the utility and its affiliate(s);*

*VIII.D.1.c. Assess fines or other penalties;*

*VIII.D.1.d. Prohibit the utility from allowing its affiliate(s) to utilize the name and logo of the utility, either on a temporary or a permanent basis;*

*VIII.D.1.e. Apply any other remedy available to the Commission.*

*VIII.D.2. Any public utility which violates a provision of these rules is subject to a fine of not less than five hundred dollars (\$500), nor more than \$20,000 for each offense. The remainder of this subsection distills the principles that the Commission has historically relied upon in assessing fines and restates them in a manner that will form the analytical foundation for*

*future decisions in which fines are assessed. Before discussing those principles, reparations are distinguished.*

*VIII.D.2.a. Reparations are not fines and conceptually should not be included in setting the amount of a fine. Reparations are refunds of excessive or discriminatory amounts collected by a public utility. PU Code §734. The purpose is to return funds to the victim which were unlawfully collected by the public utility. Accordingly, the statute requires that all reparation amounts are paid to the victims. Unclaimed reparations generally escheat to the state, Code of Civil Procedure §1519.5, unless equitable or other authority directs otherwise, e.g., Public Utilities Code §394.9.*

*VIII.D.2.b. The purpose of a fine is to go beyond restitution to the victim and to effectively deter further violations by this perpetrator or others. For this reason, fines are paid to the State of California, rather than to victims. Effective deterrence creates an incentive for public utilities to avoid violations. Deterrence is particularly important against violations which could result in public harm, and particularly against those where severe consequences could result. To capture these ideas, the two general factors used by the Commission in setting fines are: (1) severity of the offense and (2) conduct of the utility. These help guide the Commission in setting fines which are proportionate to the violation.*

*VIII.D.2.b.i. The severity of the offense includes several considerations. Economic harm reflects the amount of expense which was imposed upon the victims, as well as any unlawful benefits gained by the public*

*utility. Generally, the greater of these two amounts will be used in establishing the fine. In comparison, violations which caused actual physical harm to people or property are generally considered the most severe, with violations that threatened such harm closely following.*

*The fact that the economic harm may be difficult to quantify does not itself diminish the severity or the need for sanctions. For example, the Commission has recognized that deprivation of choice of service providers, while not necessarily imposing quantifiable economic harm, diminishes the competitive marketplace such that some form of sanction is warranted.*

*Many potential penalty cases before the Commission do not involve any harm to consumers but are instead violations of reporting or compliance requirements. In these cases, the harm may not be to consumers but rather to the integrity of the regulatory processes. For example, compliance with Commission directives is required of all California Public Utilities:*

*“Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the Commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees.” Public Utilities Code §702.*

*Such compliance is absolutely necessary to the proper functioning of the regulatory process. For this reason, disregarding a statutory or Commission directive, regardless of the effects on the public, will be accorded a high level of severity.*

*The number of the violations is a factor in determining the severity. A series of temporally distinct violations can suggest an on-going compliance deficiency which the public utility should have addressed after the first instance. Similarly, a widespread violation which affects a large number of consumers is a more severe offense than one which is limited in scope. For a “continuing offense,” PU Code §2108 counts each day as a separate offense.*

### **Procedures and Mechanisms for Ensuring Compliance**

No specific compliance action is required for Rules VIII.D.1 through VIII.D.2.b.i.

*VIII.D.2.b.ii. This factor recognizes the important role of the public utility’s conduct in (1) preventing the violation, (2) detecting the violation, and (3) disclosing and rectifying the violation. The public utility is responsible for the acts of all its officers, agents, and employees: “In construing and enforcing the provisions of this part relating to penalties, the act, omission, or failure of any officer, agent or employee of any public utility, acting within the scope of his [or her] official duties or employment, shall in every case be the act, omission, or failure of such public utility.” Public Utilities Code §2109.*

*VIII.D.2.b.ii.(1) Prior to a violation occurring, prudent practice requires that all public utilities take reasonable steps to ensure compliance with Commission directives. This includes becoming familiar with applicable laws and regulations, and most critically, the utility regularly reviewing its own operations to ensure full compliance. In evaluating the utility's advance efforts to ensure compliance, the Commission will consider the utility's past record of compliance with Commission directives.*

*VIII.D.2.b.ii.(2) The Commission expects public utilities to monitor diligently their activities. Where utilities have for whatever reason failed to meet this standard, the Commission will continue to hold the utility responsible for its actions. Deliberate as opposed to inadvertent wrong-doing will be considered an aggravating factor. The Commission will also look at the management's conduct during the period in which the violation occurred to ascertain particularly the level and extent of involvement in or tolerance of the offense by management personnel. The Commission will closely scrutinize any attempts by management to attribute wrong-doing to rogue employees. Managers will be considered, absent clear evidence to the contrary, to have condoned day-to-day actions by employees and agents under their supervision.*

*VIII.D.2.b.ii.(3) When a public utility is aware that a violation has occurred, the Commission expects the public utility to promptly bring it to the attention of the*

*Commission. The precise timetable that constitutes “prompt” will vary based on the nature of the violation. Violations which physically endanger the public must be immediately corrected and thereafter reported to the Commission staff. Reporting violations should be remedied at the earliest administratively feasible time.*

*Prompt reporting of violations furthers the public interest by allowing for expeditious correction. For this reason, steps taken by a public utility to promptly and cooperatively report and correct violations may be considered in assessing any penalty.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas takes regulatory compliance very seriously. SoCalGas utilizes Training, the Affiliate Compliance Guidelines, SoCalGas’ Plan, and Sempra Energy’s Business Conduct Guidelines, which are all available to employees on SoCalGas’ intranet, to ensure that employees are knowledgeable of the Rules.

Training directs employees to contact their Affiliate Compliance Coordinator or call or e-mail the Affiliate Compliance Hotline or Ethics Helpline to report any potential violation of the Rules or potential weaknesses in internal controls. The Ethics Helpline allows for the reporting of an issue with or without identifying the source. Affiliate transactions issues reported to the Ethics Helpline are forwarded to the Affiliate Compliance Manager. It is the Company’s obligation to ensure that any such concerns, raised in good faith, can be done so without retaliation and are appropriately investigated and resolved.

Upon notification of an alleged violation, the Affiliate Compliance Manager, or any employee designated by the Affiliate Compliance Manager, will immediately begin an investigation into the alleged violation and notify the Affiliate Compliance Officer of the

investigation. The Affiliate Compliance Officer will be kept apprised of the investigation until a resolution is reached. The investigation shall consist of gathering all relevant facts and data concerning the event(s) in question and reviewing those facts and data to determine whether, and to what extent, a violation has occurred. Corrective action will be taken and steps to prevent further violations will be implemented.

The Affiliate Compliance Department will maintain records of facts gathered in conjunction with the investigation. SoCalGas will evaluate the nature of the violation and will notify the CPUC either through written communication or by notifying the external auditors during the course of the audit, depending on the timing and severity of the offense as outlined in the Rules.

*VIII.D.2.b.iii. Effective deterrence also requires that the Commission recognize the financial resources of the public utility in setting a fine which balances the need for deterrence with the constitutional limitations on excessive fines. Some California utilities are among the largest corporations in the United States and others are extremely modest, one-person operations. What is accounting rounding error to one company is annual revenue to another. The Commission intends to adjust fine levels to achieve the objective of deterrence, without becoming excessive, based on each utility's financial resources.*

*VIII.D.2.b.iv. Setting a fine at a level which effectively deters further unlawful conduct by the subject utility and others requires that the Commission specifically tailor the package of sanctions, including any fine, to the unique facts of the case. The Commission will review facts which tend to mitigate the degree of wrongdoing as well as any facts which exacerbate*



*the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.*

*VIII.D.2.b.v. The Commission adjudicates a wide range of cases which involve sanctions, many of which are cases of first impression. As such, the outcomes of cases are not usually directly comparable. In future decisions which impose sanctions the parties and, in turn, the Commission will be expected to explicitly address those previously issued decisions which involve the most reasonably comparable factual circumstances and explain any substantial differences in outcome.*

### **Procedures and Mechanisms for Ensuring Compliance**

No specific compliance action is required for Rules VIII.D.2.b.iii through VIII.D.2.b.v.

## **IX.**

### **PROTECTING THE UTILITY'S FINANCIAL HEALTH**

#### ***IX.A Information from Utility on Necessary Capital.***

*Each utility shall provide to the Commission on the last business day of November of each year a report with the following information:*

- 1. the utility's estimate of investment capital needed to build or acquire long-term assets (i.e. greater than one year), such as operating assets and utility infrastructure, over each of the next five years;*
- 2. the utility's estimate of capital needed to meet resource procurement goals over each of the next five years;*
- 3. the utility's policies concerning dividends, stock repurchase and retention of capital for each year;*

4. *the names of individuals involved in deciding corporate policies for the utility's dividends, stock repurchase and retention of capital;*
5. *the process by which corporate policies concerning dividends, stock repurchase and retention of capital are implemented; and*
6. *how the utility expects or intends to meet its investment capital needs.*

### **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas initiates a long term planning process in the third quarter of each calendar year. The planning process yields projections of investment capital requirements to meet long term infrastructure and procurement needs, the methods and policies used to meet these needs, and the approximate implementation period for such policies. The individuals involved in deciding corporate policies for SoCalGas' dividends, stock repurchase and retention of capital are SoCalGas' President & Chief Executive Officer, Executive Vice President & Chief Financial Officer and the Chief Operating Officer. SoCalGas will file a report with the information required by 1-6 above on an annual basis no later than the last business day of November.

### ***IX.B Restrictions on Deviations from Authorized Capital Structure.***

*A utility shall maintain a balance capital structure consistent with that determined to be reasonable by the Commission in its most recent decision on the utility's capital structure. The utility's equity shall be retained such that the Commission's adopted capital structure shall be maintained on average over the period the capital structure is in effect for rulemaking purposes. Provided, however, that a utility shall file an application for a waiver, on a case by case basis and in a timely manner, of this Rule if an adverse financial event at the utility reduces the utility's equity ratio by 1% or more. In order to assure that regulatory staff has adequate time to review and assess the application and to permit the consideration of all relevant facts, the utility shall not be considered in violation of this Rule during the period the waiver is pending resolution. Nothing in this provision creates a presumption of either reasonableness or unreasonableness of the utility's actions which may have caused the adverse financial event.*

## **Procedures and Mechanisms for Ensuring Compliance**

SoCalGas will maintain a balanced capital structure in accordance with the provisions set forth in this Rule.

### ***IX.C Ring-Fencing.***

*Within three months of the effective date of the decision adopting this amendment to the Rules, a utility shall obtain a non-consolidation opinion that demonstrates that the ring-fencing around the utility is sufficient to prevent the utility from being pulled into bankruptcy of its parent holding company. The utility shall promptly provide the opinion to the Commission. If the current ring-fencing provisions are insufficient to obtain a non-consolidation opinion, the utility shall promptly undertake the following actions:*

- 1. notify the Commission of the inability to obtain a non-consolidation opinion;*
- 2. propose and implement, upon Commission approval, such ring-fencing provisions that are sufficient to prevent the utility from being pulled into bankruptcy of its parent holding company; and then*
- 3. obtain a non-consolidation opinion.*

## **Procedures and Mechanisms for Ensuring Compliance**

On March 14, 2007, Sempra Energy filed with the Commission a non-consolidation opinion, on behalf of SoCalGas, demonstrating that the ring-fencing around the utility is sufficient to prevent the utility from being pulled into bankruptcy of its parent holding company. No additional compliance action is required.

### ***IX.D Changes to Ring-Fencing Provisions.***

*A utility shall notify the Commission of any changes made to its ring-fencing provisions within 30 days.*

## **Procedures and Mechanisms for Ensuring Compliance**

If material changes are made to SoCalGas's ring-fencing provisions, SoCalGas will notify the Commission within thirty business days in accordance with this Rule.

# **Appendix 1**

## **Officer Verifications**

## OFFICER VERIFICATION

In order to comply with the requirements set forth in D.97-12-088, as modified by D.06-12-029, I make the following verifications:

1. Pursuant to Rule 1.A., I verify that the mechanisms and procedures described in SoCalGas' revised Affiliate Compliance Plan are adequate to ensure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules.
2. Pursuant to Rule V.E., I verify that the mechanisms and procedures described in SoCalGas' revised Affiliate Compliance Plan, specifically the mechanisms and procedures for Rule V.E. and the measures set forth by the Anti-Conduit procedures, are adequate to ensure that SoCalGas follows the mandate of Rule V.E. and to ensure that SoCalGas is not utilizing joint corporate support services as a conduit to circumvent these Rules.
3. Pursuant to Rule V.G.1., I verify that the mechanisms and procedures described in SoCalGas' revised Compliance Plan, specifically the mechanisms and procedures for Rules V.E. and V.G. and the measures set forth by the Anti-Conduit procedures, are adequate to ensure that SoCalGas is not utilizing shared officers and directors as a conduit to circumvent any of these Rules.



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Robert M. Schlax  
Vice President & Controller  
Southern California Gas Company

## OFFICER VERIFICATION

In order to comply with the requirements set forth in D.97-12-088, as modified by D.06-12-029, I make the following verifications:

2. Pursuant to Rule 1.A., I verify that the mechanisms and procedures described in SoCalGas' revised Affiliate Compliance Plan are adequate to ensure that the holding company or any of its affiliates not covered by these Rules do not serve as a conduit to circumvent any of these Rules.
3. Pursuant to Rule V.E., I verify that the mechanisms and procedures described in SoCalGas' revised Affiliate Compliance Plan, specifically the mechanisms and procedures for Rule V.E. and the measures set forth by the Anti-Conduit procedures, are adequate to ensure that SoCalGas follows the mandate of Rule V.E. and to ensure that SoCalGas is not utilizing joint corporate support services as a conduit to circumvent these Rules.
4. Pursuant to Rule V.G.1., I verify that the mechanisms and procedures described in SoCalGas' revised Compliance Plan, specifically the mechanisms and procedures for Rules V.E. and V.G. and the measures set forth by the Anti-Conduit procedures, are adequate to ensure that SoCalGas is not utilizing shared officers and directors as a conduit to circumvent any of these Rules.



Randall B Peterson

Vice President & Chief Compliance Officer  
Sempra Energy

# **Appendix 2**

## **Shared Services Descriptions**

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Human Resources (HR)
<b>Departments:</b>	Compensation & Benefits Corporate Diversity Affairs Corporate Security/Business Continuity Executive & Organizational Development HR Business Partner My Info Services
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	<p>Sempra Energy Human Resources develops and communicates policies and procedures for management of people resources and provides the following key shared corporate services:</p> <ul style="list-style-type: none"> <li>■ Provides staffing policies to meet competitive labor market conditions.</li> <li>■ Analyzes current compensation and benefit market conditions and trends through surveys and other analytical work.</li> <li>■ Provides incentive plan review and design to ensure market competitive compensation.</li> <li>■ Conducts pay equity audits for regulatory compliance.</li> <li>■ Designs and administers benefit plans (pension, 401k, medical, dental, life insurance, etc.) consistent with business unit direction and union agreements.</li> <li>■ Manages benefits and other employee-related regulatory and compliance issues with State and Federal agencies such as the DOL, IRS, EEOC, OFCCP, DFEH, etc.</li> <li>■ Manages third party administrators who provide outsourced compensation and benefit services.</li> <li>■ Prepares EEO and Affirmative Action Plans. Provides counseling and intervention in employee relations issues. Manages diversity awareness, anti-discrimination and anti-harassment programs.</li> <li>■ Houses Chief Ethics Office role, as well as Chief HIPPA Compliance Officer.</li> <li>■ Coordinates all HR-related audits with the Company's external auditors.</li> <li>■ Manages the budgeting, tracking and invoice processing for all the benefit plans.</li> <li>■ Provides succession planning and staffing recommendations for key leadership positions.</li> <li>■ Provides development solutions for officers, directors and other key personnel.</li> <li>■ Provides training and organizational development solutions for employees and managers within Corporate Center and Global Enterprises. Provides finance and industry-related training on a corporate-wide basis.</li> <li>■ Designs, develops and administers compliance training on a corporate-wide basis.</li> <li>■ Manages the Educational Reimbursement Plan.</li> <li>■ Manages the HR/Payroll Information Systems (My Info Services).</li> <li>■ Develops and maintains HR and Payroll-related IT systems.</li> <li>■ Manages programs that enhance employee safety and security.</li> </ul>



## CORPORATE CENTER SHARED SERVICES

	<ul style="list-style-type: none"> <li>■ Coordinates the development of the Corporate Crisis Management Plan and provides ongoing plan evaluation and compliance oversight.</li> <li>■ Manages Corporate Center’s emergency response, crisis management and business resumption plans.</li> <li>■ Provides payroll management and support to ensure the accurate and timely issuance of employee earnings, the factual recording of expenses and liabilities in the Company’s general ledger, and the prompt and proper reporting and payment of amounts due to all governmental agencies and other third parties.</li> </ul>
<p><b>Anti-Conduit Measures:</b></p>	<p>Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. To ensure compliance with the Rules, confidential information and documents are maintained in secured files with access restricted to authorized personnel. Professional standards are followed to preserve the confidential nature of personnel and pay records. Personnel records for non-regulated affiliates are physically separated from utility company records. Within the payroll function, employee duties are segregated by entity and division in order to maintain record integrity and ensure that information is not improperly transferred. Data security practices have been implemented, including multi-level passwords, “firewalls” and logical separation, to prevent inadvertent access to or transmission of confidential information.</p>
<p><b>Reason for Including:</b></p>	<p>The Commission has recognized Human Resources as a permissible shared service under Rule V.E., with the exception of employee recruiting.</p>

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Department:</b>	Audit Services
<b>Location(s):</b>	HQ San Diego Gas Company Tower, Los Angeles
<b>Services Provided:</b>	The Audit Services Department performs financial, operational, and information technology audits for all Sempra Energy companies This includes SOX testing performed on behalf of management on which the external auditor also places reliance. Additionally, the Department performs an annual risk assessment and executes various compliance audits, including audits with affiliate compliance objectives.
<b>Anti-Conduit Measures:</b>	<p>Audit Services reports to the Audit Committee of the Sempra Energy Board of Directors, which approves the Annual Audit Plan. Audit Services has access to management, organizational activities, records, property or personnel.</p> <p>Audit Services conducts audits in accordance with the Institute of Internal Auditors (IIA) <i>Standards for the Professional Practice of Internal Auditing</i>. Department employees are educated on maintaining the confidentiality of client-sensitive information and sign a Confidentiality Agreement acknowledging compliance with the IIA <i>Code of Ethics</i>, Sempra’s Business Conduct Guidelines and the CPUC’s Affiliate Transactions Rules. Access to audit information is password protected and restricted to authorized users.</p>
<b>Reason for Including:</b>	Sempra Energy’s Audit Services performs audit functions on behalf of Sempra Energy, as recognized by Rule V.E. By centralizing audit activities, Audit Services performs more efficiently, effectively, and in a consistent manner.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Department:</b>	Investor Relations
<b>Location(s):</b>	HQ San Diego
<b>Services Provided:</b>	The Investor Relations Department maintains the fair value of Sempra Energy's publicly traded securities by communicating Sempra Energy's goals and strategies, and identifying trends or events that may affect the value of the securities. The Department holds meetings with shareholders, security analysts and others to establish and maintain the credibility of the Company's senior management.
<b>Anti-Conduit Measures:</b>	Investor Relations has access to shareholder data, addresses, and holdings, but does not distribute this data, except to individual shareholders. The Department's system is password protected and utilized only by employees responsible for answering shareholder inquiries. Employees will only release information to shareholders after verifying their Social Security Number. All other information provided by Investor Relations is public. Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures.
<b>Reason for Including:</b>	The Commission has recognized Shareholder Services as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Department:</b>	Treasurer <ul style="list-style-type: none"> <li>■ Cash Management</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	The Cash Management Department is responsible for planning, implementing, and administering short-term debt as well as managing Sempra Energy's short-term investments. The Department aims to provide for safety of principal and adequate liquidity, while attaining the highest reasonable return on investment. The Department discharges these responsibilities by engaging in short-term investing and borrowing electric funds transfers, bank negotiations, and bank balance reporting.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Funds, investments, and borrowing activities are segregated by entity and division to ensure that funds are not commingled or improperly transferred.
<b>Reason for Including:</b>	The Commission has recognized Financial Planning and Analysis as permissible shared services under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Department:</b>	Treasurer <ul style="list-style-type: none"> <li>■ Finance</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	The Finance Department provides support for long-term financing requirements to all Sempra Energy entities.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	Financing activities are shared corporate support services, as the broader Treasury function is considered part of the joint corporate oversight, governance, support systems, and personnel referenced under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Department:</b>	Treasurer <ul style="list-style-type: none"> <li>■ Risk Management</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	Risk Management is responsible for designing, procuring, and administering insurance programs to manage the adverse consequences of large, accidental losses. This Department does not perform the energy risk management function.
<b>Anti-Conduit Measures:</b>	Risk Management is physically separated from SDG&E, SoCalGas, and affiliates. Premium expense is charged to each subsidiary using established allocation methodologies. Although large insurance programs are negotiated at the Corporate Center level, any specialized insurance coverage procurement for the subsidiaries is handled on an individual and confidential basis. Department employees have completed affiliate compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Department's primary function is insurance procurement. The Commission has recognized Insurance as a permissible shared service under Rule V.E. Sharing insurance among subsidiaries is a common business practice and allocation of premium expenses eliminates the possibility of cross-subsidization.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Department:</b>	Treasurer <ul style="list-style-type: none"> <li>▪ Pension &amp; Trust Investments</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	Pension & Trust Investments provides investment management services for long-term corporate, taxable and tax-exempt assets including, pensions, employee 401k savings, post-retirement medical benefits, other non-qualified retirement plans and nuclear plant decommissioning trusts.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures. The Department follows professional standards to preserve the confidential nature of personnel records.
<b>Reason for Including:</b>	The Department performs financial planning and analysis in conjunction with compensation and benefits functions. The Commission has recognized Financial Planning and Analysis as permissible shared services under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Department:</b>	Controller & Corporate Taxes <ul style="list-style-type: none"> <li>■ Corporate Tax</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	Corporate Tax Department provides enterprise-wide comprehensive tax services, including tax compliance, tax accounting, tax audits, research, and planning. Compliance with legal and regulatory reporting necessarily lead to shared responsibilities for accumulating and generating utility and affiliate tax information within a centralized tax function.
<b>Anti-Conduit Measures:</b>	Corporate Tax Department personnel regularly complete affiliate compliance training to ensure they understand and follow anti-conduit measures. They also submit certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Corporate Tax Department personnel are physically separated from utility and affiliate personnel and physical and electronic access to tax data is restricted to Corporate Tax Department personnel only. Confidential data is maintained and stored in accordance with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Tax Services as a permissible shared services under CPUC Rule V.E.



## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Departments:</b>	Controller & Corporate Taxes <ul style="list-style-type: none"> <li>■ Financial Reporting</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	The Corporate Financial Reporting department provides enterprise-wide accounting services and reports financial information pertaining to Sempra Energy and its regulated and non-regulated business units to meet internal and external accounting and reporting requirements.
<b>Anti-Conduit Measures:</b>	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. <i>Except for disclosure review by senior management as part of their corporate oversight role; separate meetings are held with regulated and non-regulated business units to identify operational issues impacting accounting or needed disclosures.</i>
<b>Reason for Including:</b>	The Commission has recognized Corporate Accounting as a permissible shared service under Rule V.E.



## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Departments:</b>	Controller & Corporate Taxes <ul style="list-style-type: none"> <li>▪ Assistant Controller – Accounting               <ul style="list-style-type: none"> <li>○ SOX Compliance</li> </ul> </li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	SOX Compliance is responsible for managing and coordinating SOX 404 compliance process; managing the progress of the SOX effort and reporting results to the Sempra Energy SOX Steering Committees and Disclosure Committee.
<b>Anti-Conduit Measures:</b>	All personnel regularly complete affiliate compliance training to ensure they understand and follow anti-conduit measures. They also submit certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. SOX Compliance personnel are physically separated from utility and affiliate personnel. Physical and electronic access to data is restricted to personnel of the department only; and kept confidential. Meetings with regulated and non-regulated business units are conducted separately, except for planning meetings conducted between dedicated SOX Compliance personnel.
<b>Reason for Including:</b>	The Commission has recognized Corporate Accounting as a permissible shared services under CPUC Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Department:</b>	Controller & Corporate Taxes <ul style="list-style-type: none"> <li>▪ Assistant Controller               <ul style="list-style-type: none"> <li>○ Accounting Research &amp; Policies</li> </ul> </li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	Accounting Research & Policy provides enterprise-wide accounting services and support in researching new and unique technical accounting matters, supporting the implementation of new and amended accounting standards, and researching and developing accounting policy necessary to support financial reporting and internal control requirements.
<b>Anti-Conduit Measures:</b>	All Accounting Research & Policy personnel regularly complete affiliate compliance training to ensure they understand and follow anti-conduit measures. They also submit certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Accounting Research and Policy personnel are physically separated from utility and affiliate personnel. Physical and electronic access to research and policy data is restricted to personnel of the department only. Meetings with regulated and non-regulated business units are conducted separately.
<b>Reason for Including:</b>	The Commission has recognized Corporate Accounting as a permissible shared services under CPUC Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Departments:</b>	Controller & Corporate Taxes <ul style="list-style-type: none"> <li>▪ Assistant Controller               <ul style="list-style-type: none"> <li>○ Corporate Financial Accounting</li> </ul> </li> </ul>
<b>Location(s):</b>	110 Plaza, San Diego
<b>Services Provided:</b>	Parent & Sundry Accounting performs monthly, quarterly and annual accounting, including the preparation of all financial statements, for Sempra Energy Corporate Center, Enova, Pacific Enterprises, Sempra Energy Enterprises, Sempra Broadband, Sempra Consolidated Parent, and Sempra Consolidated Sundry Companies. Bank Reconciliation & Escheatment provides cash control through enterprise-wide monthly bank reconciliations and performs the due diligence, preparation and filing of escheatment reports for Sempra, Global companies, SDG&E and SCG.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Corporate Accounting as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Finance
<b>Department:</b>	Controller & Corporate Taxes <ul style="list-style-type: none"> <li>■ Corporate Planning               <ul style="list-style-type: none"> <li>○ Corporate Business Planning</li> <li>○ Financial Systems &amp; Reporting</li> <li>○ Financial Planning</li> </ul> </li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	Corporate Planning (CP) facilitates the planning and performance measurement process for all Sempra Energy companies, reporting primarily to Sempra management and the Sempra Board of Directors. CP tracks and reports on consolidated and business unit performance versus budgets, and facilitates the five-year financial plans for all business units and for Sempra Energy on a consolidated basis. For Corporate Center, Global Parent and Sempra Mexico, CP develops shared service allocations to all business units, and tracks their results. In addition, CP provides support for economic evaluation, ensuring projects from all business units are evaluated on a consistent basis, and it also provides financial systems administration for Hyperion (HFM) and Business Warehouse (BW), which are used for consolidated planning and reporting activities.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Budget planning and issues meetings are always held separately for regulated business unit participants from non-regulated business unit participants. Documents containing preliminary budget information are segregated by business unit. The utilities and affiliates are physically separated in accordance with anti-conduit measures. The Hyperion HFM financial consolidation application has role security and entity access security.
<b>Reason for Including:</b>	The Commission has recognized Financial Planning and Analysis as permissible shared services under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Corporate Development
<b>Department:</b>	Mergers & Acquisitions Corporate Economic Analysis/Policy Development Gas Research & Analysis
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	Corporate Development identifies, evaluates, and makes recommendations to Sempra Energy and its business units regarding business development and merger & acquisition opportunities. Corporate Development also provides ongoing guidance, analysis, and support to facilitate consummation of such opportunities/transactions.
<b>Anti-Conduit Measures:</b>	The Department promotes efficient corporate governance and administration by coordinating centralized research, analysis and evaluation of developing business opportunities. Non-public utility information is NOT utilized to influence business decisions, create the opportunity for preferential treatment, or confer an unfair competitive advantage. Department employees have submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Corporate Oversight and Governance as permissible shared services under Rule V.E. Corporate Development supports the corporate governance and oversight functions of Sempra Energy.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Legal
<b>Department:</b>	Corporate Secretary
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	The Corporate Secretary coordinates notice and distribution of all packages and material for board meetings, committee meetings, drafts board and committee meeting minutes, arranges for review and approval of the minutes and coordinates the annual meeting of shareholders. For Sempra Energy, SoCalGas and SDG&E, the Corporate Secretary maintains an annual calendar of scheduled board meetings, an annual calendar of recurring board meeting events, and coordinates development of the board meeting agendas. Other duties include review of corporate governance issues, certification of documents and regulatory filings and acting as the agent for service of legal process.
<b>Anti-Conduit Measures:</b>	Department guidelines have been developed on the use of password protected electronic files, locking desks and file cabinets, and use of sealed confidential envelopes for all non-public sensitive information. Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Legal Services as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Legal
<b>Department:</b>	Corporate Compliance
<b>Location(s):</b>	HQ, San Diego GCT, Los Angeles
<b>Services Provided:</b>	The Corporate Compliance Division, located at the Corporate Center, is headed by the Chief Compliance Officer of Sempra Energy reporting to the Executive Vice President and General Counsel as well as to the audit committee of the board of directors. The Division develops, oversees and monitors company-wide compliance programs to ensure execution of Sempra Energy's compliance standards. The department also performs Environmental and Safety audits.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Corporate Oversight and Governance as permissible shared services under Rule V.E. The Division supports corporate oversight by providing the framework for assessing compliance risk and assuring that all business units meet compliance standards.



## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Legal
<b>Division or Department:</b>	Regulatory & Litigation Law Corporate & Commercial Law o Environmental Law
<b>Location(s):</b>	HQ, San Diego Gas Company Tower, Los Angeles Sacramento
<b>Services Provided:</b>	<p>The Law Department provides all legal support for the Sempra Energy Companies and represents them in legal matters. The Law Department is responsible for the delivery, quality and cost of all legal services to all Sempra Energy Companies. The Law Department, in consultation with internal clients, selects, retains and supervises outside counsel. The Law Department also develops and coordinates policy positions.</p> <p>The Law Department is headed by a General Counsel, who is ultimately responsible for legal services provided to Sempra Energy and all of its affiliates.</p>
<b>Anti-Conduit Measures:</b>	Department guidelines have been developed on the use of password protected electronic files, locking desks, offices, and file cabinets, and use of sealed confidential envelopes for non-public sensitive information. Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. All Policy discussions are conducted in full compliance with all applicable Affiliate Transaction Rules and in a manner that ensures that no non-public market and/or customer information is transferred directly or indirectly in violation of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Legal Services as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	Corporate Oversight & Governance
<b>Department:</b>	Corporate Center Officers
<b>Location(s):</b>	Various, including, but not limited to: <ul style="list-style-type: none"> <li>■ Sempra Energy - HQ, San Diego</li> <li>■ Century Park, San Diego</li> </ul>
<b>Services Provided:</b>	As a shared service under Rule V.E., Sempra Energy’s Corporate Center Officers provide oversight and governance to ensure consistent and coordinated leadership of the enterprise-wide organization. The principal functions include: directing corporate resources to meet regulatory and market needs; setting Sempra Energy’s overall strategic direction; reporting to the Board of Directors; and ensuring efficiency and effectiveness of shared corporate support services.
<b>Anti-Conduit Measures:</b>	Corporate Center Officers have received compliance training on non-discrimination requirements, information and disclosure requirements, and the required separation of regulated and unregulated subsidiaries. These Officers have also been trained on the potential risks of transferring non-public information while participating in corporate governance and oversight activities. The officers have submitted certifications attesting to full compliance with the Affiliate Transaction Rules and the Anti-Conduit Provisions.
<b>Reason for Including:</b>	The Rules recognize Corporate Governance and Oversight as a shared service under Rule V.E., and require these functions to be conducted in a manner not to circumvent the Rules. Sempra Energy corporate management must exercise proper governance and fiduciary responsibility over every Sempra Energy utility and non-utility company.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Communications & Community Partnerships <ul style="list-style-type: none"> <li>■ Internal Communications &amp; Corporate Events</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego Century Park, San Diego
<b>Services Provided:</b>	Internal Communications & Corporate Events provides oversight on employee communication across the Corporation. This includes written publications, face-to-face communications audio visual presentations, on-line communications, social media, and the corporate intranet site. Corporate event functions include managing and coordinating internal and external meetings and events for the Sempra companies, such as the Annual Meeting of Shareholders, Analyst Conference, as well as various department meetings, leadership meeting, employee meetings, conferences, and offsite meetings.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Corporate Communications as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Communications & Community Partnerships <ul style="list-style-type: none"> <li>■ Advertising &amp; Research</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	Advertising & Research is responsible for corporate-wide advertising, research, web identity management, creative services and reputation management. The Department develops policies, procedures and guidelines for the Company. Advertising & Research produces collateral, advertising materials, web and e-communications and qualitative and quantitative research services. This Department provides a central function to develop communications and advertising, and purchase advertising time and space for the entire organization, through a single communication firm or advertising agency.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Corporate Communications as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Communications & Community Partnerships <ul style="list-style-type: none"> <li>■ Public Relations</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	The Public Relations Department builds and maintains a positive relationship for Sempra Energy and its business units in the media. Public Relations employees are responsible for educating and communicating with key external audiences about issues of importance to the Company and its customers by developing and implementing effective media and financial communications programs. Public Relations also provides communications support during emergencies.
<b>Anti-Conduit Measures:</b>	Public Relations employees are trained to prevent customer or media confusion about which Sempra Energy family of companies is the subject of the media focus. Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Corporate Communications and Public Affairs as a permissible shared services under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Communications & Community Partnerships <ul style="list-style-type: none"> <li>■ Corporate Community Partnerships</li> </ul>
<b>Location(s):</b>	HQ, San Diego Gas Tower, Los Angeles
<b>Services Provided:</b>	Corporate Community Partnerships coordinates community relations by involving Sempra Energy companies and employees in matters important to the well-being of customers and neighborhoods. Community Relations' functions include: management of the corporate charitable contributions budget; employee volunteerism and employee giving programs; development of contribution policies and community outreach plans; and the determination of sponsorship for programs, project and events in communities where Sempra Energy operates.
<b>Anti-Conduit Measures:</b>	Department employees have completed the compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures.
<b>Reason for Including:</b>	The Commission has recognized Public Affairs as a permissible Rule V.E. shared service.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Federal & State Affairs <ul style="list-style-type: none"> <li>■ Federal Governmental Affairs Washington D.C.</li> </ul>
<b>Location(s):</b>	Sempra Energy - Washington D.C.
<b>Services Provided:</b>	Federal Governmental Affairs serves as the point of contact and articulates Sempra Energy's positions related to issues or actions that come before the House of Representatives, the U.S. Senate, or Executive Branch departments, agencies and commissions (except FERC).
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Lobbying as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Federal & State Affairs <ul style="list-style-type: none"> <li>■ State Governmental Affairs Sacramento</li> </ul>
<b>Location(s):</b>	Sempra Energy – Sacramento
<b>Services Provided:</b>	State Governmental Affairs maintains communications with California state elected officials, legislators, and key state agencies and departments. The Department focuses on legislation and regulations that will impact the company and works with collateral organizations to build alliances that benefit Sempra Energy.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Lobbying as a permissible shared service under Rule V.E.



## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Federal & State Affairs <ul style="list-style-type: none"> <li>■ National Governmental Affairs – U.S.</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	In support of Sempra Energy projects in North America, National Governmental Affairs – U.S. supports Sempra businesses abroad, and in state, and local legislative, political and electoral processes. The Department manages political relationships with administration officials, legislators and key staff abroad, and at state and local levels, assesses political feasibility and risk for new potential projects, and provides guidance and recommendations on political giving in those states.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Lobbying as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Federal & State Affairs <ul style="list-style-type: none"> <li>■ Corporate Legislative Policy</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	Corporate Legislative Policy is responsible for developing and coordinating national and state legislative policy positions for issues in which Sempra Energy has business interests.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Regulatory and Public Affairs as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Federal & State Affairs <ul style="list-style-type: none"> <li>▪ Local Governmental Affairs</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego Century Park – San Diego Gas Company Tower - Los Angeles
<b>Services Provided:</b>	These areas advocate the Company’s position to the City of San Diego and City of Los Angeles municipalities and government agencies. The department provides policy guidance on governmental issues and monitors the legislative process.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized educating government officials as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Regulatory Affairs <ul style="list-style-type: none"> <li>▪ Corporate Regulatory Policy</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	The Corporate Regulatory Policy department identifies, analyzes and reports on key state and federal regulatory policy issues. The Department is also responsible for developing corporate policy positions for regulatory issues in which Sempra Energy has business interests and communicating those policies to the business units
<b>Anti-Conduit Measures:</b>	Department employees have completed affiliate compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Regulatory Affairs as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Regulatory Affairs <ul style="list-style-type: none"> <li>▪ Regulatory Affairs</li> </ul>
<b>Location(s):</b>	Sempra Energy - HQ, San Diego
<b>Services Provided:</b>	This department provides research and analysis services to support the development and implementation of corporate regulatory positions related to state and federal laws, rules, and regulations. The Department also houses the budget and administrative support for the External Relations division.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Regulatory Affairs as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Regulatory Affairs <ul style="list-style-type: none"> <li>■ Federal Energy Regulatory Commission (FERC) Relations</li> </ul>
<b>Location(s):</b>	Sempra Energy – Washington, D.C.
<b>Services Provided:</b>	The FERC Relations Department, located in Washington, D.C., maintains communications with the FERC and key federal agencies and departments. The Washington, D.C. office focuses on regulatory issues that will impact the Company and works with collateral organizations to build alliances that benefit Sempra Energy.
<b>Anti-Conduit Measures:</b>	Department employees have completed the compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Lobbying as a permissible shared service under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Regulatory Affairs <ul style="list-style-type: none"> <li>■ National Legislative Policy Analysis</li> </ul>
<b>Location(s):</b>	Sempra Energy – HQ, San Diego
<b>Services Provided:</b>	<p>National Legislative Analysis works in concert with the legislative offices in Washington D.C., Sacramento, and elsewhere to identify, analyze, and report on key political and legislative issues in states where Sempra companies have business interests.</p> <p>Regulatory analysis and support for Federal, state and regional environmental initiatives including climate change, air, water and waste issues.</p>
<b>Anti-Conduit Measures:</b>	Department employees have completed the compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Regulatory and Public Affairs, including legislative activities, as permissible shared services under Rule V.E.

## CORPORATE CENTER SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	International Affairs <ul style="list-style-type: none"> <li>▪ Public Relations – Mexico</li> <li>▪ Mexico/Int Research &amp; Regulatory Affairs</li> <li>▪ Government/Regulatory Affairs Mexico DF</li> <li>▪ Government Affairs – Baja, CA</li> </ul>
<b>Location(s):</b>	HQ, San Diego
<b>Services Provided:</b>	International Affairs provides international regulatory, governmental and public relations support to the Sempra Energy business units to ensure consistent international governmental regulation of corporate-wide matters.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Corporate Communications and Public Affairs as a permissible shared services under Rule V.E.



## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Supply Management & Fleet Services
<b>Department:</b>	Supply Management
<b>Location(s):</b>	Century Park, San Diego Gas Company Tower, Los Angeles
<b>Services Provided:</b>	The Supply Management Department provides supply management strategy, policy, processes, technology and services to support the Corporation in procuring goods and services.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures. Each business unit is ratably charged for usage and directly billed for specifically identified costs. Written supplier authorizations are obtained and entered into a log when an affiliate requests supplier information for non-shared services.
<b>Reason for Including:</b>	A centralized procurement function for non-commodity products and services qualifies as a support service under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Supply Management & Fleet Services
<b>Department:</b>	Diverse Business Enterprises
<b>Location(s):</b>	Century Park, San Diego Gas Company Tower, Los Angeles
<b>Services Provided:</b>	Diverse Business Enterprises (DBE) secures contractual relationships with women, minority, and service disabled veteran business enterprises (WMDVBE). This is in compliance with the CPUC General Order 156. The Order states that the Commission will establish a procedure for gas, electric, and telephone utilities to submit annual detailed and verifiable plans for increasing (WMDVBE) procurement in all categories.
<b>Anti-Conduit Measures:</b>	Department employees have completed the compliance training and have submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures.
<b>Reason for Including:</b>	A centralized DBE function for non-commodity products and services qualifies as a support service under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Supply Management & Fleet Services
<b>Department:</b>	Fleet Services
<b>Location(s):</b>	Miramar, San Diego Monterey Park, Los Angeles
<b>Services Provided:</b>	The Fleet Services Department consists of vehicle design, acquisition, maintenance, servicing, financial and physical management, registration, and disposition services for a fleet of over 7000 units. A small number of vehicles have been assigned to the Corporate Center.
<b>Anti-Conduit Measures:</b>	The Fleet Services Department reports to the Supply Management & Fleet Services Organization. All non-administrative personnel are represented union employees who do not have access to confidential utility information. All supervisory and management personnel have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Non-regulated company employees are <i>not</i> allowed to use vehicles with the utility logo.
<b>Reason for Including:</b>	A centralized fleet function qualifies as a support service under Rule V.E. Providing Fleet Services as a shared service is the most cost-effective approach to meeting Sempra Energy's transportation needs.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Environmental, Safety & Facilities
<b>Department:</b>	Facility Operations
<b>Location(s):</b>	Lightwave Building and Century Park, San Diego Gas Company Tower, Los Angeles Region Headquarters, numerous bases and other sites across the company
<b>Services Provided:</b>	<p>Facilities Operations provides facility construction, work management and maintenance (both contracted and in-house) for most company facilities and various communication/telecomm sites within the SCG and SDG&amp;E service territories as well as at the Sempra Energy Headquarters building and 110 Plaza building.</p> <p>Facility construction services include new ground up, tenant improvement, facility infrastructure addition and replacement construction and move management services. Work management services include asset and work order management activities and service contracting for janitorial, pest control, landscaping, yard sweeping, etc. Facility maintenance provides facility/site infrastructure maintenance, include heating and cooling, electrical, lighting, plumbing, carpentry, painting, keys and locks, signage, interior building repairs, moves, office and cubicle repair and reconfiguration, janitorial, pest control, fire, life and safety, access control and security systems, elevators, and exterior building repairs including landscaping and parking lots.</p>
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Facility Operations Department provides the framework for consistent day-to-day maintenance services.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Environmental, Safety & Facilities
<b>Department:</b>	Environmental Services
<b>Location(s):</b>	Century Park, San Diego Gas Company Tower, Los Angeles Various field locations; Miramar (SD), Kearny (SD), Nancy Ridge (SD), Pico Rivera (LA), Olympic (LA) and other field locations
<b>Services Provided:</b>	Environmental Services provides policy direction and operational guidance to support compliance with environmental laws, rules and regulations. Services provided by Environmental Services include: guidance and permitting support for air quality, water quality, natural resources, hazardous waste licensing and permitting, and the preparation and delivery of related compliance training material. Also monitors EMF research studies and provides customer EMF measurements. In addition, Environmental Services provides site assessment and mitigation services for the clean up of contaminated company facilities. It also renders legislative and regulatory analysis related to environmental issues.
<b>Anti-Conduit Measures:</b>	Various environmental databases are used to help ensure compliance with laws and regulations. Except for project specific information, most of this information is public. All confidential utility or affiliate information is maintained in a secure environment not accessible by affiliate personnel or utility personnel outside of Environmental Services. Department guidelines have been developed on the use of password protected electronic files, locking desks and file cabinets for all non-public sensitive information. Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Environmental Services Department provides the framework for consistent day-to-day environmental compliance administered by numerous environmental regulatory agencies. This environmental compliance function is managed by the utility and administered as a shared services function.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Environmental, Safety & Facilities
<b>Department:</b>	Safety & Emergency Services
<b>Location(s):</b>	Century Park, San Diego Gas Company Tower, Los Angeles
<b>Services Provided:</b>	Promoting compliance with safe and healthy work practices; communicating with employees on safety and health issues; identifying and evaluating work hazards; investigating occupational injuries and illnesses; recommending corrective actions to abate unsafe or unhealthy conditions, work practices, and procedures; providing safety training, programs, and policies; and maintaining OSHA records for the company. Provide emergency response and recovery evaluation services, including plan and procedural consultation, emergency plan and procedural audits. Provide emergency exercise design, implementation and follow-up report writing services. Provide compliance comparisons and audit services.
<b>Anti-Conduit Measures:</b>	The Department does not publish marketing or customer sensitive information. Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Safety & Emergency Services Department provides safety, health, and emergency services-related support and services. This safety and emergency services function is managed by the utility and administered as a shared services function.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Environmental, Safety & Facilities
<b>Department:</b>	Business Planning & Budgets
<b>Location(s):</b>	Century Park, San Diego
<b>Services Provided:</b>	Provides business planning and budgeting services to Environmental, Safety & Facilities and the Supply Mgmt/Fleet divisions. The department also provides coordination with utility business planning and support for general rate case applications. Although involvement with affiliates is limited, Business Planning may provide support to various departments in the two divisions for assistance in shared service activities with unregulated affiliates or evaluation of specific service initiatives.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized that Financial Planning and Analysis is a permissible shared service under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Environmental, Safety & Facilities
<b>Department:</b>	Real Estate & Land Services
<b>Location(s):</b>	Scripps Ranch and Century Park, San Diego Gas Company Tower, Los Angeles Numerous bases and other sites across the company
<b>Services Provided:</b>	The Real Estate and Land Services Department manages business unit real estate and facility assets, including buildings, real properties, land rights, lease interests and supports common plant capital for facilities-related improvements and projects. The Department has four primary functions: Strategic Planning (portfolio planning and employee space management); Corporate Real Estate (property acquisition disposition, and lease administration); Land Right of Way (acquisition and management of SCG property rights); and Land Services (acquisition and management of property rights, land records management, and survey and mapping services for SDG&E)...
<b>Anti-Conduit Measures:</b>	Department employees that work with confidential utility or affiliate information are responsible for maintaining such confidentiality. In general, this information is locked in office drawers or overhead locking cabinets within the employee's office space. Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Real Estate function for Sempra Energy, once part of the Corporate Center, is now managed by the utility and administered as a shared service. The Department provides oversight and support services as well as financial planning and analysis, in accordance with Rule V.E.



## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Information Technology
<b>Departments:</b>	Network & Communication Services
<b>Location(s):</b>	Sempra Energy HQ, San Diego 110 Plaza, San Diego SDG&E, San Diego; SoCalGas, Los Angeles Rancho Bernardo; Monterey Park Telecommunications Control Center (TCC), San Diego
<b>Services Provided:</b>	<p>The Network &amp; Communication Services Department provides flexible, scalable, and cost effective network, telecommunications, and infrastructure-related services including:</p> <ul style="list-style-type: none"> <li>• Intranet data service, including local area networks, wide area networks</li> <li>• Unified communications service, including voice (telephone), voicemail, email, instant messaging &amp; presence</li> <li>• Mobile communications service, including cellular telephone &amp; mobile radio</li> <li>• Collaboration service, including Sharepoint</li> <li>• Conferencing service, including voice, video &amp; web conferencing</li> <li>• Secure network access service, including extranets, firewalls, load balancers &amp; virtual private networks</li> </ul> <p>The Department provides centralized monitoring, problem resolution and operational control for all services.</p>
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Performing network and telecommunication functions as corporate support does not allow affiliates to gain access to utility systems or information or assistance with application development.
<b>Reason for Including:</b>	By performing information technology activities as corporate support, permissible under Rules V.C. and V.E., the Corporation improves efficiency by establishing common technology strategies and compatible solutions. This standard environment also enables scope economies.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Information Technology
<b>Departments:</b>	Infrastructure Engineering & Operations
<b>Location(s):</b>	Sempra Energy HQ, San Diego 110 Plaza, San Diego SDG&E, San Diego; SoCalGas, Los Angeles Rancho Bernardo; Monterey Park
<b>Services Provided:</b>	Information Technology provides flexible, scalable, and cost effective network, telecommunications, and infrastructure-related services, and software development for allowable shared services.  The Infrastructure Engineering and Operations Department provides the following services: infrastructure and related services, such as 7x24x365 data center operations located at Rancho Bernardo, storage management, server management, security, and middleware.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Performing infrastructure operations as corporate support does not allow affiliates to gain access to utility systems or information or assistance with application development.
<b>Reason for Including:</b>	By performing information technology activities as corporate support, permissible under Rules V.C. and V.E., the Corporation improves efficiency by establishing common technology strategies and compatible solutions. This standard environment also enables scope economies.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Information Technology
<b>Departments:</b>	Utility Operations and Shared Systems <ul style="list-style-type: none"> <li>▪ Supply Chain Logistics Systems</li> <li>▪ Corporate Systems</li> <li>▪ SAP A&amp;F Systems &amp; Security</li> <li>▪ Produce &amp; Procurement Systems</li> <li>▪ UOSS Project Office               <ul style="list-style-type: none"> <li>○ SAP Projects</li> </ul> </li> </ul>
<b>Location(s):</b>	110 Plaza, San Diego Century Park, San Diego Gas Company Tower, Los Angeles
<b>Services Provided:</b>	<p>Information Technology provides flexible, scalable, and cost effective network, telecommunications, and infrastructure-related services, and software development for allowable shared services.</p> <p>The Utility Operations and Shared Systems department provides business application software development, enhancement, maintenance and system support as non-shared services for the utilities and as shared services for business processes, such as financial accounting, accounts payable, purchasing, supply management, and other corporate shared service functions. Development and support responsibilities for shared and non-shared systems are separated at the manager level.</p>
<b>Anti-Conduit Measures:</b>	<p>Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Performing software development functions as corporate support does not allow affiliates to gain access to utility systems or information or assistance with application development.</p>
<b>Reason for Including:</b>	<p>By performing information technology activities as corporate support, permissible under Rules V.C. and V.E., the Corporation improves efficiency by establishing common technology strategies and compatible solutions. This standard environment also enables scope economies.</p>

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Information Technology
<b>Departments:</b>	Business Planning & Budgets
<b>Location(s):</b>	110 Plaza, Monterey Park, and Telecommunications Center (Mission Valley)
<b>Services Provided:</b>	The Business Planning & Budgets department provides business planning and budgeting services to all Information Technology Departments and coordinates with utility business planning. This department also processes wireline, wireless and network vendor payments.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized that Financial Planning and Analysis is a permissible shared service under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Information Technology
<b>Departments:</b>	Client Services & Enterprise Support
<b>Location(s):</b>	Century Park, Rancho Bernardo, HQ, and 110 Plaza, San Diego; Gas Tower, Los Angeles; Chatsworth
<b>Services Provided:</b>	These departments align technologies, such as a new voice system, from a technology and deployment perspective.
<b>Anti-Conduit Measures:</b>	Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	By performing information technology activities as corporate support, permissible under Rules V.C. and V.E., the Corporation improves efficiency by establishing common technology strategies and compatible solutions. This standard environment also enables scope economies.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Regulatory
<b>Division or Department:</b>	FERC and CAISO Regulatory Affairs Regulatory Affairs (SF) California Regulatory Affairs
<b>Location(s):</b>	Century Park, San Diego Gas Company Tower, Los Angeles San Francisco
<b>Services Provided:</b>	Regulatory Affairs division provides case management, advocacy, and regulatory accounts services. Regulatory Affairs manages regulatory cases, administers tariffs, manages regulatory accounts, and manages the relationship between the company and its energy regulators.
<b>Anti-Conduit Measures:</b>	Corporate guidelines have been developed on the use of password protected electronic files, locking desks and file cabinets, and use of sealed confidential envelopes for all non-public sensitive information. Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Regulatory Affairs as a permissible shared service under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Regulatory
<b>Division or Department:</b>	Regulatory Policy & Analysis
<b>Location(s):</b>	Century Park, San Diego Gas Company Tower, Los Angeles
<b>Services Provided:</b>	Regulatory Strategy provides key policy input and analytical support to regulatory case teams that manage the individual proceedings at both the state and federal levels. Regulatory Strategy also develops gas and electric rates, provides demand and sales forecasts, and prepares economic forecasts and analyses that support regulatory proceedings as well as other Company planning activities.
<b>Anti-Conduit Measures:</b>	Corporate guidelines have been developed on the use of password protected electronic files, locking desks and file cabinets, and use of sealed confidential envelopes for all non-public sensitive information. All department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Regulatory Affairs as a permissible shared service under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Regional Public Affairs – North & South
<b>Location(s):</b>	SDG&E, San Diego Gas Company Tower, Los Angeles Anaheim
<b>Services Provided:</b>	The mission is to provide effective communication to regional and local elective officials, governmental officials, and civic leaders regarding energy issues impacting the customers and governmental entities throughout the region served by SDG&E and SoCalGas. The Department representatives provide timely information to county supervisors, city council members, government officials, staff members for local legislators and civic leaders.
<b>Anti-Conduit Measures:</b>	Neither area has access to customer-specific data, marketing plans, or proprietary information. Compliance training of all employees, which includes an anti-conduit acknowledgement and physical separation from the utilities and the affiliates, are the primary anti-conduit tools used to ensure direct and indirect compliance with the Rules.
<b>Reason for Including:</b>	The Commission has recognized Public Affairs as a permissible shared service under Rule V.E.



## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	External Relations
<b>Department:</b>	Legislative Analysis and Policy
<b>Location(s):</b>	Gas Company Tower, Los Angeles SDG&E, San Diego
<b>Services Provided:</b>	Legislative Analysis and Policy identifies key public affairs issues that could affect the utilities and their customers and develops and manages strategies and action plans to respond appropriately. The Department develops communication materials and provides support so that Regional Public Affairs can achieve its objectives. Also, the Department provides support and guidance to Regional Public Affairs on franchise tax and fees issues involving local municipalities and participates in negotiation of franchise renewals.
<b>Anti-Conduit Measures:</b>	Compliance training of all employees, which includes an anti-conduit acknowledgement and physical separation from the utilities and the affiliates are the primary anti-conduit tools used to ensure direct and indirect compliance with the Rules.
<b>Reason for Including:</b>	The Commission has recognized Public Affairs as a permissible shared service under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Controller
<b>Departments:</b>	Accounting Operations
<b>Location(s):</b>	Gas Tower Building, Los Angeles Century Park, San Diego
<b>Services Provided:</b>	The Accounting Operations Department, through its Affiliate Billing & Costing group, performs cost accounting studies that support the allocation of overheads to internal costs and costs billed for services rendered to Sempra Energy - Corporate Center and affiliates. The Sundry Services group supports both utilities with CPUC compliance, policies and procedures relating to non-tariffed products and services. The group is responsible for billing third parties for property damages and for the provision of products and services (i.e., sundry services) other than commodity, transportation and delivery costs. The department participates in the utilities' Management Accountant Rotation Program.
<b>Anti-Conduit Measures:</b>	Segregation of employee duties by entity and division ensures that record integrity is maintained and prevents improper transfer of information. Department employees have completed compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures.
<b>Reason for Including:</b>	The Commission has recognized Accounting as a permissible shared service under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Controller
<b>Departments:</b>	Planning & Analysis <ul style="list-style-type: none"> <li>■ Claims Management</li> <li>■ Financial Planning - Operational</li> <li>■ Budgets</li> </ul>
<b>Location(s):</b>	<a href="#">Century Park, San Diego</a> ; <a href="#">Lightwave, San Diego</a> Gas Tower Building, Los Angeles
<b>Services Provided:</b>	The Claims Management Department administers all Sempra Energy casualty and property damage claims. The Financial Planning organization provides project management services when the utilities pursue large business or system process changes related to either capturing or reporting financial data. The Budgets organization works with all utility divisions and departments to coordinate, develop and consolidate the detail annual (and high-level multi-year) operating cost and project level capital plans; establishes policies, procedures, and guidelines for the budgeting process; prepares monthly and quarterly operating costs and capital performance reports; monitors and reports cost allocation/shared services performances.
<b>Anti-Conduit Measures:</b>	Compliance training of employees, which includes an anti-conduit acknowledgement, and physical separation from utilities and affiliates are used by the Accounting and Finance areas to ensure compliance with the Affiliate Rules. Segregation of employee duties by entity and division ensures that record integrity is maintained, and that no improper transfer of information occurs.
<b>Reason for Including:</b>	The Commission has recognized Accounting and Financial Planning and Analysis as permissible shared services under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Controller
<b>Departments:</b>	SEU Compliance
<b>Location(s):</b>	Century Park, San Diego Gas Tower Building, Los Angeles Lightwave, San Diego
<b>Services Provided:</b>	SEU Compliance is comprised of three areas: Accounts Payable, Affiliate Compliance and Business Controls. Accounts Payable provides invoice processing for the utilities and Sempra Energy Corporate Center. Affiliation Compliance is responsible for facilitating compliance with state and federal affiliate transaction-type rules, such as the CPUC’s Affiliate Transaction Rules and the FERC Standards of Conduct. Business Controls provides process management and compliance over utility Sarbanes-Oxley efforts and company policies/ procedures.
<b>Anti-Conduit Measures:</b>	Compliance training of employees, which includes an anti-conduit acknowledgement and physical separation from utilities and affiliates, are used by the accounting areas to ensure compliance with the Affiliate Transaction Rules. Segregation of employee duties by entity and division ensures that record integrity is maintained and that no improper transfer of information occurs.
<b>Reason for Including:</b>	The Commission has recognized Accounting and Regulatory Affairs as permissible shared services under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Controller
<b>Departments:</b>	Utility Accounting
<b>Location(s):</b>	110 West A Street Building, San Diego
<b>Services Provided:</b>	Utility Accounting provides financial and regulatory information to meet internal and external reporting requirements of the utilities. In addition, Utility Accounting assists in the maintenance of the Accounting System and coordinates the enterprise-wide system side of the monthly closing process.
<b>Anti-Conduit Measures:</b>	Compliance training of employees, which includes an anti-conduit acknowledgement, is used by the accounting areas to ensure compliance with the Affiliate Transaction Rules.
<b>Reason for Including:</b>	The Commission has recognized Accounting as permissible shared services under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Controller
<b>Departments:</b>	Financial Systems
<b>Location(s):</b>	Century Park, San Diego Gas Tower Building, Los Angeles
<b>Services Provided:</b>	The Financial Systems organization provides assistance to users of the Accounting and Budgeting Systems to get information into and out of these systems, assists in the maintenance of these systems and partners with the business side of the organization to identify and implement business process and system enhancements so that the required financial information is entered into and obtained out of these financial systems efficiently and effectively.
<b>Anti-Conduit Measures:</b>	Compliance training of employees, which includes an anti-conduit acknowledgement, and physical separation from utilities and affiliates are used by the Accounting and Finance areas to ensure compliance with the Affiliate Rules. Segregation of employee duties by entity and division ensures that record integrity is maintained, and that no improper transfer of information occurs.
<b>Reason for Including:</b>	The Commission has recognized Accounting and Financial Planning and Analysis as permissible shared services under Rule V.E.

## UTILITY SHARED SERVICES

	Description
<b>Function:</b>	Human Resources
<b>Department(s):</b>	Business Partners HR Services and Analysis Labor Relations Organizational Effectiveness Staffing Workforce Readiness
<b>Location(s):</b>	Sempra Energy Headquarters, San Diego Century Park, San Diego Gas Company Tower, Los Angeles Numerous locations throughout southern California
<b>Services Provided:</b>	The Human Resources Department (HR) develops and communicates corporate-wide policies and procedures for broad and strategic management of people resources. HR provides governance and compliance guidance, analysis of current compensation market conditions and trends, development of employee competency profiles, and general learning resources. HR is responsible for reviewing employee transfers and temporary assignments in accordance with the Affiliate Transaction Rules. At the operational level, the respective Utility Human Resources VP directs strategic and tactical business, solely for the utilities. HR provides educational resources, external recruiting, internal staffing, employee relations, and management guidance within the utility structure.
<b>Anti-Conduit Measures:</b>	Compliance training of all employees, including an anti-conduit acknowledgement, and the physical separation of utilities and affiliates are the primary anti-conduit tools used to ensure compliance with the Rules. Confidential information and documents are maintained in secured files with access restricted to authorized personnel. Professional standards are followed to preserve the confidential nature of personnel records. The records for non-regulated affiliates are physically separated from utility company records. Data security practices have been implemented, including multi-level passwords, “firewalls,” and logical separation, to prevent inadvertent access to or transmission of confidential information.
<b>Reason for Including:</b>	The Commission has recognized Human Resources as a permissible shared service, with the exception of employee recruiting.

# **Appendix 3**

## **Corporate Oversight & Governance Meetings**



## Sempra Energy Corporate Oversight & Governance Meetings

Sempra Energy’s Management participates in various recurring Corporate Oversight & Governance meetings to ensure sufficient oversight of the entire enterprise, while preserving business unit autonomy accountability. These meetings are all conducted consistent with applicable state and federal affiliate transaction rules and other relevant guidelines.

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
<b>Management Committee</b>	<ul style="list-style-type: none"> <li>• <b>Chairman &amp; CEO (Sempra Energy)</b> <b>D. Felsing</b></li> <li>• President &amp; COO (Sempra Energy)</li> <li>• Executive VP Corp. Dev. (Sempra Energy)</li> <li>• Executive VP &amp; General Counsel (Sempra Energy)</li> <li>• Executive VP &amp; CFO (Sempra Energy)</li> <li>• Executive VP External Affairs (Sempra Energy)</li> </ul> <p>(Chair: Chairman &amp; CEO)</p>	<p>The committee meets as a communication forum for senior management to review key business issues. This includes the review, approval and documentation of transactions, financial commitments, and corporate governance and policy matters that require approval by the CEO. Examples of these matters include transactions in excess of \$10 million, commitments outside the normal course of business or commitments with important policy implications.</p> <p>In addition, the Management Committee also reviews:</p> <ul style="list-style-type: none"> <li>• Formation of new companies</li> <li>• Major regulatory filings</li> <li>• Standstill agreements</li> <li>• Non-compete agreements</li> <li>• Personal service contracts with former employees</li> <li>• Consulting contracts in excess of \$500,000</li> </ul>	<p>Weekly</p>

**Sempra Energy**  
**Corporate Oversight & Governance Meetings**

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
<b>Corporate Compliance Committee</b>	<ul style="list-style-type: none"> <li>• <b>Executive VP &amp; General Counsel (Sempra Energy)</b></li> <li>• <b>VP &amp; Chief Compliance Officer (Sempra Energy)</b></li> <li>• Executive VP External Affairs (Sempra Energy)</li> <li>• VP - Audit Services (Sempra Energy)</li> <li>• VP - Regulatory Affairs (Sempra Energy)</li> <li>• President &amp; COO (Sempra Energy)</li> </ul> <p>(Chair: Executive VP and General Counsel; Vice-Chair: VP and Chief Compliance Officer)</p>	Ensures corporate compliance with legal and regulatory requirements, and oversees corporate compliance and ethics programs.	Semi Annually
<b>Pension and Benefits</b>	<ul style="list-style-type: none"> <li>• <b>Executive VP &amp; CFO (Sempra Energy)</b></li> <li>• SVP, Human Resources &amp; Chief Ethics Officer (Sempra Energy)</li> <li>• SVP &amp; Treasurer (Sempra Energy)</li> <li>• SVP, Controller, &amp; CAO (Sempra Energy)</li> </ul> <p>(Chair: Executive VP &amp; CFO)</p>	To exercise named fiduciary and settlor authority and responsibility over the Sempra Energy Pension and Employee Welfare Plans. To exercise settlor duties only over the Sempra Energy Employee Savings Plan.	Quarterly
<b>Environmental &amp; Safety Executive Council</b>	<ul style="list-style-type: none"> <li>• <b>VP &amp; Chief Compliance Officer (Sempra Energy) R. Peterson</b></li> <li>• VP- Environmental Safety &amp; Facilities (SDG&amp;E/SoCalGas)</li> <li>• VP - Regulatory Affairs (Sempra Energy)</li> <li>• Asst. General Counsel (Sempra Energy)</li> <li>• Director, Environmental &amp; Safety (Sempra Energy)</li> <li>• Director - Environmental Services (SDG&amp;E/SoCalGas)</li> <li>• Director - Safety &amp; Emergency Services (SDG&amp;E/SoCalGas)</li> <li>• Director – Federal Regulatory Affairs (Sempra Global)</li> </ul> <p>(Chair: VP &amp; Chief Compliance Officer, Sempra Energy)</p>	The Council meets to review compliance by the Corporate Center and the Business Units with the Corporation's environmental and safety compliance plan and policies.	Quarterly

**Sempra Energy**  
**Corporate Oversight & Governance Meetings**

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
<b>Controller Council</b>	<ul style="list-style-type: none"> <li>• SVP, Controller &amp; CAO (Sempra Energy)</li> <li>• VP &amp; Controller (SDG&amp;E/SoCalGas)</li> <li>• VP &amp; Controller (Sempra Global)</li> <li>• VP - Audit Services (Sempra Energy)</li> <li>• Controller (Sempra Energy Mexico)</li> <li>• Director - Financial Reporting (Sempra Energy)</li> <li>• VP - Corporate Planning (Sempra Energy)</li> <li>• Director - Corporate Financial Accounting (Sempra Energy)</li> <li>• Director Global Accounting– (Sempra Global)</li> <li>• VP – Corporate Tax &amp; Chief Tax Counsel (Sempra Energy)</li> <li>• Assistant Controller (Sempra Energy)</li> <li>• Director – Accounting Research &amp; Policies (Sempra Energy)</li> </ul> <p>(Chair: SVP, Controller and CAO)</p>	The Council meets to review recent accounting rule changes (e.g., SEC, FASB, FERC), and internal accounting policies.	Quarterly

**Sempra Energy**  
**Corporate Oversight & Governance Meetings**

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
<b>Disclosure Committee</b>	<ul style="list-style-type: none"> <li>• Chairman &amp; CEO (Sempra Energy)</li> <li>• President &amp; COO (Sempra Energy)</li> <li>• Executive VP &amp; General Counsel (Sempra Energy)</li> <li>• Executive VP &amp; CFO (Sempra Energy)</li> <li>• <b>SVP, Controller &amp; CAO (Sempra Energy)</b></li> <li>• Executive VP - Corp. Dev. (Sempra Energy)</li> <li>• SVP &amp; CFO (SDG&amp;E/SoCalGas)</li> <li>• VP - Audit Services (Sempra Energy)</li> <li>• VP &amp; Chief Compliance Officer (Sempra Energy)</li> <li>• VP - Investor Relations (Sempra Energy)</li> <li>• VP - Corporate Tax &amp; Chief Tax Csl. (Sempra Energy)</li> <li>• Chief Corporate Counsel (Sempra Energy)</li> <li>• Director - Financial Reporting (Sempra Energy)</li> <li>• Corporate Secretary (Sempra Energy)</li> <li>• President &amp; CEO (Sempra Generations)</li> <li>• President &amp; CEO (Sempra LNG)</li> <li>• Exec. VP, External Affairs</li> <li>• President &amp; CEO (Sempra Pipelines &amp; Storage)</li> <li>• President &amp; CEO (SEU)</li> <li>• Assistant Controller (Sempra Energy)</li> </ul> <p>(Chair: SVP, Controller &amp; CAO (Sempra Energy))</p>	To review and approve all filings of Sempra Energy and its subsidiaries with the Securities & Exchange Commission, and filings with other federal or state agencies requiring officer certifications. The purpose of the review is to insure that all appropriate and necessary disclosures are made about the company's operations and financial condition.	Quarterly
<b>Savings Plan Fiduciary Committee</b>	<ul style="list-style-type: none"> <li>• <b>VP – Planning &amp; Analysis (Sempra Global (LNG))</b></li> <li>• VP - Human Resources (SDG&amp;E/SoCalGas)</li> <li>• SVP - Gas Operations (SoCalGas/SDG&amp;E)</li> <li>• VP - Construction / Engr. (Sempra Global (LNG))</li> <li>• Sr. Counsel (Sempra Energy)</li> <li>• V.P.- Gas Transmission and Distribution (SDG&amp;E/SoCalGas)</li> </ul> <p>(Chair: VP – Planning &amp; Analysis, Sempra LNG )</p>	To exercise authority and responsibility over investments under the Sempra Energy Savings Plan and Sempra Energy Employee Stock Ownership Plan.	Quarterly (tentative)

**Sempra Energy**  
**Corporate Oversight & Governance Meetings**

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
<b>State and Federal Affiliate Compliance Council</b>	<ul style="list-style-type: none"> <li>• <b>VP &amp; Chief Compliance Officer (Sempra Energy)</b></li> <li>• VP &amp; Controller (SDG&amp;E/SoCalGas)</li> <li>• VP Regulatory Affairs (Sempra Energy)</li> <li>• Director- Business Conduct (Sempra Energy)</li> <li>• Director- Compliance (SDG&amp;E/SoCalGas)</li> <li>• Director-Federal Regulatory Affairs (Sempra Global)</li> <li>• Assistant General Council (Sempra Energy)</li> <li>• Assistant General Counsel (Sempra Energy)</li> <li>• Sr. Counsel (Sempra Energy)</li> <li>• Sr. Counsel (Sempra Energy)<sup>i</sup></li> </ul> <p>(Chair: VP &amp; Chief Compliance Officer)</p>	<p>To support enterprise-wide compliance efforts, including those related to the CPUC, Affiliate Transaction Rules, the Merger Remedial Measures, FERC Standards of Conduct, and FERC Order 2004. This Committee makes determinations as to critical compliance matters affecting Sempra Energy.</p>	<p>Quarterly</p>

**Sempra Energy**  
**Corporate Oversight & Governance Meetings**

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
<b>Human Resources Advisory Group</b>	<ul style="list-style-type: none"> <li>• SVP - Human Resources (Sempra Energy)</li> <li>• VP &amp; Chief Compliance Officer (Sempra Energy)</li> <li>• Chief Employment Counsel (Sempra Energy)</li> <li>• Director – Compensation &amp; Benefits (Sempra Energy)</li> <li>• Director – Exec. &amp; Organizational Development (Sempra Energy) L. Georgantos</li> <li>• Director – MyInfo Services (Sempra Energy)</li> <li>• HR Business Partner (Sempra Energy)</li> <li>• Director – Corp. Diversity Affairs (Sempra Energy)</li> <li>• Director – Corporate Security (Sempra Energy)</li> <li>• VP – Human Resources (SDG&amp;E/SoCalGas)</li> <li>• Director – Labor Relations (SoCalGas)</li> <li>• Director – Organization Effectiveness (SDG&amp;E/SoCalGas)</li> <li>• Manager – Staffing – Human Resources (SDG&amp;E/SoCalGas)</li> <li>• HR Business Partner (SDG&amp;E/SoCalGas)</li> <li>• VP – Human Resources (Sempra Global)</li> <li>• Director – HR Services &amp; Analysis (SDG&amp;E/SoCalGas)</li> <li>• Director – Internal Communications (Sempra Energy)</li> <li>• HR Research and Analysis Manager (SDG&amp;E/SoCalGas)</li> <li>• Director – Human Resources (Sempra Global)</li> <li>• Director – Human Resources (Sempra Global)</li> <li>• Director – Labor Relations (SDG&amp;E)</li> </ul> <p>(Chair: SVP - Human Resources)</p>	<p>The Human Resources Advisory Group meets to discuss compliance with labor/equal employment opportunity laws and regulations and to review Human Resource policies, shared payroll and benefit processes and company-wide employee development programs.</p>	<p>Monthly</p>

**Sempra Energy**  
**Corporate Oversight & Governance Meetings**

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
<b>Sempra Energy SOX Steering Committee</b>	<ul style="list-style-type: none"> <li>• Executive VP &amp; CFO (Sempra Energy)</li> <li>• <b>SVP, Controller &amp; CAO (Sempra Energy)</b></li> <li>• SVP &amp; CFO (SDG&amp;E/SoCalGas)</li> <li>• VP &amp; Controller (SDG&amp;E/SoCalGas)</li> <li>• VP &amp; Chief Compliance Officer (Sempra Energy)</li> <li>• VP Audit Services (Sempra Energy)</li> <li>• VP &amp; Controller (Sempra Global)</li> <li>• Director - Financial Reporting (Sempra Energy)</li> <li>• Director – Compliance (SDG&amp;E/SoCalGas)</li> <li>• Sarbanes-Oxley Compliance Manager (Sempra Energy)</li> <li>• Assistant Controller (Sempra Energy)</li> <li>• Director – MyInfo Services (Sempra Energy)</li> </ul> <p>(Chair: SVP - Controller &amp; CAO – Sempra Energy)</p>	To oversee and monitor the annual SOX compliance efforts of Sempra Energy.	Quarterly

# **Appendix 4**

## **Listing of Covered and Non-Covered Affiliates**



**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	1369202 Alberta ULC	Holding Company	No
▶	Atascocita Power, L.L.C.	Inactive. Holding Company.	No
▶	Atlantic Electric and Gas Limited	Inactive - Retail business supplying energy to the deregulated industrial commercial and residential energy markets in England and Wales.	Yes
▶	Baja Wind Holding, S. de R.L. de C.V	Holding Company	No
▶	Baja Wind US Holdings, LLC	Holding Company	No
▶	Baja Wind II U.S, LLC	Wind power project development.	Yes
▶	Baja Wind II S. de R.L.> de C.V.	Develop a wind project in Baja, California	Yes
▶	Baja Wind III U.S., LLC	Wind power project development	Yes
▶	Baja Wind III S. de R.L.> de C.V.	Develop a wind project in Baja, California	
▶	Baja Wind IV U.S., LLC	Wind power project development	Yes
▶	Baja Wind IV S. de R.L. de C.V.	Develop a wind project in Baja, California	Yes
▶	Baja Wind U.S. Transmission, LLC	To construct and hold transmission lines from the US border to the wind project	Yes
▶	Baja Wind, S. de R.L. de C.V.	Developing a wind-power project in Baja California	Yes
▶	Baja Wind U.S.,LLC	Develop, own and operate power lines that connect from the U.S. border to a U.S. substation	Yes
▶	BBPC, LLC	To purchase and resell natural gas and electricity.	Yes
▶	Big Sandy SynFuel, L.L.C.	General partner (1%) of Somerset SynFuel.	No
▶	Blue Grass SynFuels, L.L.C.	Owns coal synthetic fuel processing plant.	No
▶	Bonnet Carre Power, LLC	A Delaware limited liability company formed August 7, 2001. Bonnet Carre Power, LLC owns and operates a power generation facility.	Yes
▶	Califia Company	Inactive. Computer leasing services.	No

\* indicates an "energy marketing affiliate."

**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	Cameron Interstate Pipeline, LLC	Construct, maintain and operate a natural gas pipeline in Louisiana. Previously Cameron Pipeline, LLC.	Yes
▶	Cameron LNG, L.L.C.	To engage in the development, construction, and operation of a liquefied natural gas storage project to be located in Hackberry, LA.	Yes
▶	CamPipe Corporation	Holding company.	No
▶	Camuzzi Gas del Sur S.A.	Natural gas distribution utility company.	Yes
▶	Camuzzi Gas Pampeana S.A.	Natural gas distribution utility company.	Yes
▶	Canadian Choice Energy, Corp.	Inactive - Selling natural gas to residential and small commercial customers in the Province of Ontario.	Yes
▶	Caney Creek Energy, L.L.C.	Holding company.	No
▶	Catoctin Power, LLC.	Develop, own and operate a power generation facility near Fredrick, Maryland.	Yes
▶	Cedar Bayou Energy, L.L.C.	Inactive. Holding company.	No
▶	Cedar Power Partners, L.P.	Acquire, develop and own generation power plants in Texas; and engage in any lawful act or activity for which organized.	Yes
▶	Chilquinta Energia Finance Co. LLC	Bond financing holding company.	No
▶	Chilquinta Energia S.A.	Transmission and distribution of electricity to industrial, commercial and residential customers in Chile.	Yes
▶	City Shipping Services Ltd.	Previously known as TTMI Limited. Shipper of oil and gas on and through third party pipelines and facilities in Europe.	Yes
▶	Clean Eenergy Systems	To develop high efficiency, zero emission power plants that operate on both fossil and renewable fuels in California. The research focuses on oxy-combustion, high temperature steam turbines and CO2 sequestration.	Yes
▶	Compania Electrica Del Litoral S.A.	Distribution of electricity to industrial, commercial and residential customers in Chile.	Yes
▶	Copper Mountain Power, LLC	Develop, own and operate a power generation facility.	Yes

\* indicates an “energy marketing affiliate.”

**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	Copper Mountain Solar I LLC	Development of an electric generating facility	Yes
▶	Crescent City Power, LLC	Develop, own and operate a power generation facility in Louisiana.	Yes
▶	CS Sur, S.A.	Trading of liquid gas in bottles and/or tubes or in bulk either directly or indirectly or associated with third parties within the country; rendering of administrative, commercial and technical services.	Yes
▶	Cumberland Synfuel L.L.C.	Limited partner in coal synthetic fuel processing plant (80.25% interest).	No
▶	Direct Drive Systems, Inc.	Working toward producing a line of high speed-high power motors and alternators that provide more efficient and cost effective compression and generation solutions to industrial suppliers and users of natural gas.	Yes
▶	Distribuidora Gesell Gas S.A.	Gas distribution utility company.	Yes
▶	Ecogas Mexico, S. de R.L. de C.V.	Natural gas distribution company operating in Mexico.	Yes
▶	ECONnergy Energy Company, Inc.	An energy service company that markets and sells gas and electricity to mostly residential customers located primarily in New York.	Yes
▶	El Dorado Energy, LLC*	Owns and operates a power plant in Southern Nevada.	Yes
▶	Elk Hills Power, LLC*	Owns and operates a power plant near Bakersfield, California.	Yes
▶	Empresa de Distribucion Electrica de Canete S.A.	Distribution of electricity to industrial, commercial and residential customers in Peru.	Yes
▶	Energas S.A.	Distribution and sale of natural gas in Chile.	Yes
▶	Energia Costa Azul, S. de R.L. de C.V.	Development, construction, and operation of a liquefied natural gas storage project in Mexico.	Yes
▶	Energia de Casablanca S.A.	Distribution of electricity to industrial, commercial and residential customers in Chile.	Yes
▶	Energy Business International S.R.L.	Holding company.	No

\* indicates an “energy marketing affiliate.”

**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	Energy For Others	Encourage, organize and facilitate the support of community based charitable organization and activities on the part of the employees of Sempra Energy, its subsidiaries and affiliates.	No
▶	Enova Corporation	Holding company.	No
▶	Enova International	Holding company.	No
▶	Gasoducto Bajanorte S. de R.L. de C.V.	Construction, maintenance and operation of natural gas pipeline in northern Mexico.	Yes
▶	Gasoducto Rosarito S. de R.L. de C.V.*	Gas trading and transportation entity. Currently provides natural gas to several Mexican power plants.	Yes
▶	Generadora Electrica Sauce Los Andes S.A.	Production, acquisition, transportation and distribution of electricity and building and acquiring power stations and substations.	Yes
▶	Granite Fox Power, LLC	Develop, own and operate a power generation facility in Nevada	Yes
▶	Henry Bath & Son Limited	Engaged in the metals and soft commodities warehouse business in the United Kingdom.	No
▶	Henry Bath BV	Engaged in the metals, soft commodities, plastics and warehousing business in the Netherlands and Belgium.	No
▶	Henry Bath LLC	A company to engage in the metal and general goods warehousing business in the United States.	No
▶	Henry Bath Italia Srl	Engaged in the metals and soft commodities warehousing business in Italy.	No
▶	Henry Bath Singapore, Pte. Ltd.	Engaged in the metals, soft commodities, plastics and warehousing business in Singapore.	No
▶	H2Gen Innovations, Inc	Investment for the development of small (GAX) gas absorption space conditioning products including chillers and heat pumps for the residential and light commercial market.	Yes
▶	Hillgrove Resources Limited	Copper/gold/garnet exploration at Kanmantoo mine and Gawler Craton in South Australia and coal seam gas exploration in the Gunnedah Basin in NSW.	Yes
▶	I.V. Invergas S.A.	Holding company.	No
▶	Idaho Valley, LLC	Develop, own and operate a power generation facility in Idaho.	Yes

\* indicates an “energy marketing affiliate.”

**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	Inmobiliaria de Litoral S.A.	Rental service and real estate investments.	No
▶	Inmobiliaria Luz Del Sur S.A.	Sell, purchase, lease and construction of real properties.	No
▶	Inversiones en Servicios Electricos S.R.L.	Holding company.	No
▶	Inversiones Sempra Chile Holdco Limitada	Holding company.	No
▶	Jacume Wind S. de R.L. de C.V.	Develop a pilot wind project in Baja, California	Yes
▶	Kentucky Energy, LLC	Operator of coal synthetic fuel plants owned by Blue Grass and Somerset SynFuel.	No
▶	Lake Creek Power, L.L.C.	Holding company.	No
▶	Liberty Gas Storage LLC	Engages in developing an underground natural gas storage facility.	Yes
▶	Liberty Pilot, LLC	Financing vehicle.	No
▶	Linaga, B.V.	Dormant - holding company.	No
▶	Luz del Sur International A.V.V.	Inactive - Aruba investment company related to electricity business. Owned 100% by Luz del Sur S.A.A.	Yes
▶	Luz Del Sur S.A.A.	Transmission and distribution of electricity to industrial, commercial and residential customers in Chile.	Yes
▶	Luzlinares S.A.	Distribution of electricity to industrial, commercial and residential customers in Chile.	Yes
▶	Luzparral S.A.	Distribution of electricity to industrial, commercial and residential customers in Chile.	Yes
▶	Marengo Mining Limited	Mining exploration.	No
▶	MC Energy Partners, L.P.	Inactive. Acquire, develop and own generation power plants in Texas.	Yes
▶	Mesquite Power, LLC*	Owns and operates a power plant in Arizona.	Yes
▶	Nanoproducts Incorporated	Investment for research and development of advanced hydrogen reformation systems as well as the engineering, manufacturing and distribution of nano-scale powders for catalysts and other applications.	No

\* indicates an "energy marketing affiliate."

**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	Ontario Quinta S.R.L.	Holding company for Luz del Sur S.A.A.	No
▶	P & S Project I, LLC	Pipeline project development.	Yes
▶	Pacific Diversified Capital Company	Inactive. Real estate financing and investment.	No
▶	Pacific Enterprises	Holding company.	No
▶	Pacific Enterprises Energy Management Services	Holding company.	No
▶	Pacific Enterprises International	Holding company.	No
▶	Pacific Enterprises Leasing Company	Leasing of commercial and industrial equipment. Owns two airplanes leased to United Airlines.	No
▶	Pacific Enterprises Oil Company, LLC	Holding company.	No
▶	Pacific Enterprises Oil Company (USA)	Inactive. Exploration and production of oil and gas.	Yes
▶	Pacific Enterprises Oil Company (Western)	Owns shallow oil rights under Aliso Canyon Gas Storage field.	No
▶	Pacific Interstate Company	Dormant. Holding company.	No
▶	Pacific Lighting Corporation	Inactive	No
▶	Pacific Lighting Gas Development Company	Inactive. Oil and gas working interest in Point Thompson, AK which is managed by Exxon.	Yes
▶	Palomar Energy, LLC	Inactive. Developed a power plant in California.	Yes
▶	Paradigm Metals Limited	Uranium and tungsten explorer	No
▶	Pay N Save Drug Stores, Incorporated	Inactive.	No
▶	Pentadyne Power Corporation	Investment for research and development of flywheel power systems.	No
▶	PE International Canada, S. de R.L. de C.V.	Holding Company	No

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**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	PEOC Santa Fe Springs, LLC	Will own property in Santa Fe Springs, California.	No
▶	Peruvian Opportunity Company S.A.C.	Holding company.	No
	Peruvian Services Company II, SRL	Holding Company	No
	Peruvian Services Company, SRL	Holding Company	No
▶	Port Arthur LNG Holding, LLC	Holding company.	No
▶	Port Arthur LNG, LLC	Development, construction, and operation of a liquefied natural gas storage project in Texas.	Yes
▶	Port Arthur Pipeline Holdings, LLC	Holding company.	No
▶	Port Arthur Pipeline, LLC	Construction, maintenance and operation of a natural gas pipeline.	Yes
▶	Prairie Downs Metals Limited	Exploration for zinc, lead and other metals.	No
▶	Rabley Holdings, Inc.	Holding company	No
▶	RBS Sempra Commodities LLP	Holding Company	No
▶	RBS Sempra Metals & Concentrates Ltd	Inactive. Trading of metals concentrates	No
▶	RBS Sempra Metals Far East Limited	Sales Company	No
▶	RBS Sempra Metals Group Limited	Holding Company	No
▶	RBS Sempra Metals Investment, LLC	Special purpose entity to purchase certain accounts receivable or other assets, due to Sempra Energy Trading Corp or other managed affiliates, for the purpose of further on-selling / monetizing such assets to raise financing	No
▶	RBS Sempra Metals Limited	Trades metal commodities and commodity derivatives.	No
▶	RBS Sempra Metals Products Limited	Trades metal commodity derivatives.	No

\* indicates an “energy marketing affiliate.”

**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	RBS Sempra Metals Services LLC	The corporation acts as an introducing broker for the Sempra Energy Metals Business.	No
▶	RBS Sempra Petrochemicals LLC	Engaged in the marketing and trading of petrochemicals in the US and worldwide.	No
▶	RBS Sempra Plastics Limited	Engages in physical plastics trading.	No
▶	RBS Sempra Plastics LLC	Engaged in physical plastics trading.	No
▶	Rockies Express Pipeline, LLC	Acquire, own, develop and operate the Rockies Express Pipeline Project, a proposed 1,323-mile natural gas pipeline system from Weld County, Colorado to Monroe County, Ohio. Includes an operational pipeline, formerly known as the Entrega Gas Pipeline, which begins at Meeker Hub in Rio Blanco County, Colorado and terminating at the Cheyenne Hub in Weld County, Colorado.	Yes
▶	SDG&E Funding LLC	Financing vehicle.	No
▶	SEBCP, Inc.	Holding company.	No
▶	SECMP, LLC	Holding company.	No
▶	SECP, LLC	Holding company.	No
▶	SEI Storage Corp	Holding company.	No
▶	Sempra	Inactive - name holding company.	No
▶	Sempra Alaska Holding Corp.	Holding company.	No
▶	Sempra Alaska, LLC	Project development in Alaska.	Yes
▶	Sempra Atlantic Energy Holdings Limited	Dormant- Holding company.	No
▶	Sempra Broadband	Explore broadband/BPL opportunities.	No
▶	Sempra Commodities Holdings I.B.V	Holding Company	No
▶	Sempra Commodities, Inc	Holding Company	No
▶	Sempra Corporation	Inactive.	No
▶	Sempra Ecogas Holdings, LLC	Holding Company	No
▶	Sempra Energy	Holding company.	No

\* indicates an “energy marketing affiliate.”



**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	Sempra Energy (Denmark-1) ApS	Holding company.	No
▶	Sempra Energy (Switzerland) Holdings Sarl	Inactive - Trade, supply, store, transport and distribute crude oil and petroleum products.	No
▶	Sempra Energy Capital Trust I	Financing vehicle.	No
▶	Sempra Energy Capital Trust II	Financing vehicle.	No
▶	Sempra Energy Capital Trust III	Financing vehicle.	No
	Sempra Energy Cooperatief W.A.	Holding Company for Canadian commodities trading business.	No
▶	Sempra Energy Elk Hills Power Corp.	Holding company.	No
▶	Sempra Energy Enterprises	Holding company.	No
▶	Sempra Energy Europe d.o.o.	Engages in wholesale natural gas and electric trading in Serbia.	Yes
▶	Sempra Energy Europe Espana, S.L.*	Acts as licensed company for wholesale trading of electricity and gas in Spain.	Yes
▶	Sempra Energy Europe GmbH	Marketing of natural gas and electricity, providing its services solely to Sempra Energy Europe Limited.	Yes
▶	Sempra Energy Europe Kft*	Limited Liability - electricity trading and wholesale activities in Hungary.	Yes
▶	Sempra Energy Europe Limited*	Physical and financial trading and marketing on wholesale level of natural gas, electricity, coal, emissions allowances; financial trading of oil and oil products.	Yes
▶	Sempra Energy Europe S.R.O.*	Electricity trading and wholesale activities in the Czech Republic.	Yes
▶	Sempra Energy Foundation	To operate exclusively for charitable purposes within the meaning of 501(c)(3) of the Internal Revenue Code (the “Code”), including making grants to individuals and non- profit organizations or by making program-related investments as defined in Section 4944 © of the Code.	No

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**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	Sempra Energy Holdings III B.V.	Inactive. Holding company.	No
▶	Sempra Energy Holdings IV B.V.	Holding company.	No
▶	Sempra Energy Holdings IX B.V.	Holding company.	No
▶	Sempra Energy Holdings V B.V.	Holding company.	No
▶	Sempra Energy Holdings VI B.V.	Holding company.	No
▶	Sempra Energy Holdings VII B.V.	Holding company (Joint Venture)	No
▶	Sempra Energy Holdings VIII B.V.	Holding company	No
▶	Sempra Energy International	Holding company.	No
▶	Sempra Energy International (Cayman) CEP	Holding company.	No
▶	Sempra Energy International (Chile) Servicios Limitada	Provides technical support to Chilean asset compliance.	No
▶	Sempra Energy International (Espana), Inc.	Holding company.	No
▶	Sempra Energy International (Espana), S.L.	Holding company.	No
▶	Sempra Energy International Argentina	Holding company.	No
▶	Sempra Energy International Cayman Holding Co.	Holding company.	No
▶	Sempra Energy International Chile Holdings I B.V.	Holding company.	No

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**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	Sempra Energy International Holdings B.V.	Holding company.	No
▶	Sempra Energy International Services Company, S. de R.L. de C.V.	Provides technical, consulting and administrative services to Sempra Energy Mexico.	No
▶	Sempra Energy International US Capital Holding Co	Holding company.	No
▶	Sempra Energy International US LLC	Holding company.	No
▶	Sempra Energy LNG Marketing Mexico, S. de R.L. de C.V.	Formed for the purpose of holding capacity contracts with LNG terminals, including, but not limited to buy, sell natural gas as well as any other projects with electricity and natural gas areas as permitted by Mexican law.	Yes
▶	Sempra Energy Mexico, S. de R.L. de C.V.	Holding Company. Effective Date 5/9/2008	No
▶	Sempra Energy Name Co.	Inactive.	No
▶	Sempra Energy Partners, LLC	Inactive. Holding company.	No
▶	Sempra Energy Power I	Holding company.	No
▶	Sempra Energy Sales, LLC	Inactive. Energy management services and power marketing services. Energy commodity (gas, electricity, other) marketing, sales and management services for industrial, commercial, and residential customers.	Yes
▶	Sempra Energy Solutions LLC*	Energy management services and power marketing services.	Yes
▶	Sempra Energy Trading (Calgary) ULC*	Wholesale trading company that participates in marketing and trading of commodities related to natural gas, power, crude oil and other associated commodities.	Yes
▶	Sempra Energy Trading (Canada) ULC*	Agent in Canada to introduce energy trading business to Sempra Energy Trading.	Yes
▶	Sempra Energy Trading (UK) Limited*	Inactive. Arranges certain financial trades on the wholesale level for Sempra Energy Europe Limited.	Yes

\* indicates an “energy marketing affiliate.”

**Listing of  
Covered and Non-Covered Affiliates  
(as of June 1, 2008)**

	<b>Company Name</b>	<b>Purpose/Activity</b>	<b>Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)</b>
▶	Sempra Energy Trading LLC.*	Provides worldwide marketing and risk-management services to wholesale and retail customers for natural gas, power, petroleum products and base metals.	Yes
▶	Sempra Energy Trading Holding Sarl	Holding company.	No
▶	Sempra Energy Trading Holdings Limited	Holding company.	No
▶	Sempra Energy Trading International B.V.	Holding company.	No
▶	Sempra Energy Trading Mexico, S. de R.L. de C.V.*	Acts as agent in Mexico to effect gas deliveries to Termoelectrica de Mexicali and the Mexican CFE as well as provide other services.	Yes
▶	Sempra Financial	Holding company for Sempra Section 42, LLC.	No
▶	Sempra Generation*	Acquires, develops and operates power plants for the wholesale market throughout North America. Previously Sempra Energy Resources	Yes
▶	Sempra Global	Holding company.	No
▶	Sempra LNG*	Holding company- develops, builds and operates LNG receiving terminals.	Yes
▶	Sempra LNG Marketing Corp.*	Marketing company for LNG capacity. Previously Sempra Energy LNG Marketing Corp.	Yes
▶	Sempra LNG Shipping, LLC	To contract for the shipping of LNG cargos	Yes
▶	Sempra Metals & Concentrate LLC	Inactive. Trades metals and metals concentrates.	No
▶	Sempra Metals Trading (Shanghai) Co., Ltd.	Inactive- metals trading.	No
▶	Sempra Oil Trading (Ireland) Limited	Dormant- Engaged in crude oil and fuel oil trading.	No
▶	Sempra Oil Trading (Suisse) Sarl	Trades, supplies, and stores petroleum products on behalf of Sempra Energy Trading Corp.	No
▶	Sempra Oil Trading Pte Ltd.	Supplies, distributes, and trades petroleum and crude oil products on behalf of Sempra Oil Trading Sarls.	No
▶	Sempra Oil Trading Sarl	Trades and stores crude oil and petroleum products.	No

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	Sempra Pipe & Storage, Sempra Generation, Sempra LNG, Sempra Trading, and Sempra Solutions	For posting purposes only. Please see each affiliate's description under their individual name.	Yes
	Sempra Pipelines & Storage Corp.	Holding company- Builds, owns and operates natural gas pipelines and storage facilities in Mexico and in the United States.	Yes
	Sempra Rockies Marketing, LLC*	Will attempt to acquire and hold capacity on the proposed Rockies Express Pipeline.	Yes
	Sempra Sahara OKLNG Holdings Limited	Holds a minority interest in a Nigerian liquefaction facility	Yes
	Sempra Section 42, LLC	Formed in connection with a joint venture with Bank of America for credit transaction.	No
	Sempra Servicios Baja, S. de R.L. de C.V.	Provides technical, consulting and administrative services to Gasoducto Bajanorte.	No
	Sempra Servicios Energeticos, S. de R.L. de C.V.*	Mexican marketing company.	Yes
	Sempra Ventures	Makes investments in privately held startup companies related to network, software, and communications.	No
	SEP II, LLC	Holding company.	No
	SEPE, LLC	Holding company.	No
	Servicios DGN de Chihuahua, S.A. de C.V.	Provides technical, consulting and administrative services to Ecogas Mexico.	No
	Servicios Energia Costa Azul S. de R. L. de C.V. (fka Sempra LNG Mexico, S. de R.L. de C.V.)	Currently in pre-operational period, will provide technical, consulting and administrative services to Energia Costa Azul.	No
	Servicios Termoelectrica de Mexicali S. de R.L. de C.V.	Provides technical, consulting and administrative services to Termoelectrica de Mexicali power plant.	No
	SETOPI, LLC	Holding company	No

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▶	SETOP II, LLC	Holding company.	No
▶	SETOP III, LLC	Holding company.	No
▶	SETOP IV, LLC	Holding company.	No
▶	Sodigas Pampeana S.A.	Holding company.	No
▶	Sodigas Sur S.A.	Holding company.	No
▶	Somerset Newco L.L.C.	Holding company.	No
▶	Somerset SynFuel, LP	Limited partner interest in a synthetic fuel production facility that combines coal fines with a binder material to create synthetic fuel. This entity owns coal machinery.	No
▶	South Shore Power, Inc.	Inactive. Holding company.	No
▶	South Shore Power, LLC	Inactive. Own and operate a power generation facility.	Yes
▶	STM Power, Inc.	Investment for research and development of modular stirling engine products.	No
▶	Tanglewood Storage & Transportation LLC	Owns interest in property in Milford, CT held for benefit of Sempra Energy Resources.	No
▶	Tecnored S.A.	Provides construction and infrastructure related to Chilquinta and Energia, S.A., and other unaffiliated Chilean entities.	No
▶	Tecsur S.A.A.	Engage in the preparation and execution of studies, projects, works and service activities related to energy, mining, industry and construction as well as the commercialization of materials and equipment in relation to such sectors.	Yes
▶	Termoelectrica de Mexicali, S. de R.L. de C.V.*	Plan, design, build and perform all activities needed to operate and maintain a facility for electric energy generation located in Mexicali, Mexico.	Yes
▶	Termoelectrica U.S., LLC*	Develop, own, and operate a generation-tie electric transmission line between the U.S. border and an U.S. substation.	Yes
▶	Terra Grain Fuels Inc.	A wholly-owned subsidiary of Universal Energy Group Ltd, which sells electricity and natural gas in Ontario to residential, small to mid-size commercial and small industrial customers and sells natural gas in Michigan to small to mid-size commercial and small industrial customers.	No

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▶	Topaz Power Group GP, LLC	Inactive. Holding company.	No
▶	Topaz Power Group LP, LLC	Inactive. Holding company.	No
▶	Topaz Power Partners, LLC	Inactive. Holding company.	No
▶	Trading & Transportation Management, LLC	Shipper of gas and oil on third party pipelines and facilities.	Yes
▶	Transportadora de Gas Natural de Baja California, S. de R.L. de C.V.	Construction, maintenance, and operation of natural gas pipeline in northern Mexico.	Yes
▶	TTMI Sarl	Provides transportation of crude oil and petroleum products for Sempra Oil Trading Sarl and Sempra Energy Trading Corp.	No
▶	Twin Oaks Power III, LP	Inactive - Operation of electric generation plants.	Yes
▶	Twin Oaks Power, L.P.	Inactive - Operation of electric generating plant.	Yes
▶	Unitary GH&C Products, LLC	Inactive - provides research and development of heating and cooling products and services.	No
▶	Universal Energy Corporation	Retail sale of natural gas and electricity in Ontario. Customers will be acquired through door-to-door and other direct sales methods.	Yes
▶	Universal Energy Group Ltd.	Sale of electricity and natural gas in Ontario to residential, small to mid-size commercial and small industrial customers and sale of natural gas in Michigan to small to mid-size commercial and small industrial customers.	No
▶	Universal Gas & Electric Corporation	Retail natural gas supplier. A wholly-owned subsidiary of Universal Energy Corporation, which is a wholly-owned subsidiary of Universal Energy Group Ltd.	Yes
▶	Vulcan Resources Limited	Base metals exploration.	No
▶	West2East Pipeline LLC	Holding company.	No
▶	Wright Strategies	Inactive. Owns certain patents but has no operation.	No

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